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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER Wednesday April 18 1984 D 8523 B

Lessons Wall Street can teach London, Page 20

NEWS SUMMARY

GENERAL French coalition stays intact Citicorp down 2% in first quarter Craxi renews law Nato frigate worries Nicaragua protest Turkey sends envoy Cyclone kills 68 Portuguese security Nigeria press curbs Istanbul jail strike Afghan round-up Sakharov surgery Pyramids off limits Briefly ...

Strike looms as German talks on hours collapse

BY JAMES BUCHAN IN DUSSELDORF West Germany faces a strong prospect of a major strike after talks between employers and trade union representatives in West Germany's crucial steel, engineering and motor industries collapsed yesterday.

Libyan embassy gunfire kills one in London

By John Hunt and Roger Matthews in London RELATIONS BETWEEN Britain and Libya came to a crisis yesterday after gunfire from the Libyan People's Bureau in St James's Square, London, killed a young policeman and wounded 10 other people.

Olivetti profit almost trebles to L295.3bn

BY ALAN FRIEDMAN IN MILAN OLIVETTI, Europe's leading data processing equipment group, yesterday established itself firmly as one of Italy's most profitable companies by announcing a net profit of L295.3bn (\$181m) for 1983, almost triple the 1982 figure.

GROUP RESULTS (£bn) Year Net Profit Revenue 1979 33.3 1,852.7 1980 87.6 2,180.2 1981 95.5 2,267.9 1982 102.8 3,241.4 1983 295.3 3,735.2

Constitutional reforms proposed for Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO BRAZIL'S President Joao Figueiredo has proposed wide-ranging constitutional reforms, dismantling many of the authoritarian features of the past 20 years of military-led government.

Dome debt accord with some lenders

BY BERNARD SIMON IN TORONTO DOME PETROLEUM, the troubled Canadian oil and gas producer, has reached a conditional debt rescheduling agreement with two of its eight groups of creditors.

Libyan embassy gunfire kills one in London

By John Hunt and Roger Matthews in London RELATIONS BETWEEN Britain and Libya came to a crisis yesterday after gunfire from the Libyan People's Bureau in St James's Square, London, killed a young policeman and wounded 10 other people.

Ford UK blames British budget for 1983 net loss of £103m

BY JOHN GRIFFITHS IN LONDON Thames foundry and Irish car assembly operations, and faced a substantially higher tax bill of £38m, against £2m in 1982.

BUSINESS NEWSFLASH The only airline that flies non-stop to Jo'burg and non-stop back SAA offer more than ever Now SAA are pulling out all the stops to give Super Executive Gold Class passengers even better service: More choice of non-stops. 5 a week to South Africa and 4 a week back.

CONTENTS Europe ... 2-4 Companies ... 23, 24, 26 America ... 8 Companies ... 23-25, 27 Overseas ... 6 Companies ... 25 World Trade ... 19 Britain ... 15-17 Companies ... 28-32

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EUROPEAN NEWS

Europe may press ahead with frigate study without U.S.

By BRIDGET BLOOM, DEFENCE CORRESPONDENT

EUROPEAN GOVERNMENTS are increasingly concerned at the implications for transatlantic arms production of the effective U.S. withdrawal from a Nato frigate project last week. Nato ambassadors met in Brussels yesterday to assess the impact of the U.S. action on the future of joint weapons manufacture. Their private meeting, though part of their regular consultations, took place amid widespread concern that the U.S. decision will adversely affect the climate of collaboration which, officials believed, had recently improved.

Officials said yesterday that it called into question U.S. sincerity in pursuing joint weapon programmes with its European allies on a basis of equality.

Paradoxically, however, officials were also suggesting that the incident could strengthen the current drive to improve collaborative arms manufacture between European defence industries.

Eight Nato governments had signalled their intention last week of signing a memorandum of understanding to carry out a feasibility study for a joint frigate. So confident was Nato that it could be signed that its Press department announced last Friday that it had been signed.

The memorandum was actually initiated by all the countries except the U.S.—Canada, France, West Germany, Italy, the Netherlands, Spain

and Britain—last February, following nearly two years of work involving close co-operation between national shipbuilding companies, as well as governments.

The U.S. had asked for more time, but the signing ceremony during the Conference of Nato's Armaments Directors (CNAD) in Brussels intended for last Friday was to have been a purely formal occasion.

However, instead of signing, Mr Richard Delauer, Assistant Secretary at the Pentagon, tabled two pages of detailed "clarifications" which European officials said vitiated the whole agreement.

The text is said to be classified. But officials said that the U.S. reservations called into question the principle of equality on which the frigate and other collaborative projects are based. They cited as a key example U.S. unwillingness to share key technologies on an equal basis with its partners, despite the negotiated agreement that each partner was to have 12.5 per cent share in the project.

The U.S. action appears to have strengthened the resolve of the remaining seven partners in the frigate to go ahead with the feasibility study for the 3,000-4,000 ton warship. They will renegotiate the memorandum of understanding, leaving the door open for the U.S. to return under the new conditions.

Pravda call to close ideological ranks

By David Buchan

MR ANDREI GROMYKO, the Soviet Foreign Minister, arrived in Budapest yesterday for a meeting of Warsaw Pact foreign ministers, as Pravda, the Communist party newspaper, called for ideological solidarity within the Soviet bloc.

The occasion of the Pravda article, and a similar one in the Czechoslovak party newspaper, Rude Pravo, was the anniversary of the final dismissal of Mr Alexander Dubcek as Czech party leader on April 17, 1969.

Both papers hailed the Warsaw Pact invasion of Czechoslovakia in August, 1968, as a triumph for "fraternal internationalist aid," leaving the stronger implication that any fresh attempts at political liberalism in Eastern Europe would not be tolerated.

Pravda said that the 1968 intervention showed that Moscow and its allies would not "leave a country in need," if "internal reactionary groups" threatened it. Neither Soviet nor Czech newspapers referred by name to Mr Dubcek, who has become an "impersonal".

Calls for a closing of ideological ranks within the Soviet bloc have accompanied the military "counter-measures" which the Soviet Union embarked on last autumn in response to U.S. missile deployments in Western Europe. The Soviet Union is placing new missiles in East Germany and Czechoslovakia.

While there is no sign of a Soviet return to nuclear missile talks with the U.S., disarmament negotiations are continuing on possible reductions of conventional forces in central Europe and on a ban on chemical weapons.

The two-day Warsaw Pact ministerial meeting, which starts in Budapest tomorrow, will have two western initiatives in these areas to consider.

In response to an earlier Soviet draft treaty, a U.S. proposal on banning chemical weapons is being presented this week in Geneva by Vice-President George Bush. Meanwhile, at the mutual and balanced force reductions talks (MBFR) in Vienna, Nato is tabling new proposals to try to overcome the previous deadlock over military data of the two opposing alliances.

Car orders plunge in West Germany

By JONATHAN CARR IN FRANKFURT

DOMESTIC ORDERS for West German cars plunged last month to their lowest level for two years although foreign demand held up quite well, according to the Automobile Industry Association (VDA).

The VDA, which disclosed no order figures, attributed most of the fall to customer uncertainty over government plans to cut vehicle exhaust emission.

In particular there is no firm word from Bonn on what tax concessions may be available for motorists who buy vehicles with catalytic converters to help reduce pollution.

In the VDA's view, many potential car buyers are now hanging back to see exactly what will come of the Government's scheme, first

sketched out by the Interior Ministry last summer and much debated since.

New VDA figures show that a total of 382,000 cars rolled off the production lines last month—3 per cent (seasonally adjusted) down on the February figure but a rise of 6 per cent on March 1983. Commercial vehicle production is still very slack—23,800 down by 14 per cent on February and 10 per cent on March last year.

Total vehicle production in the first quarter was up by 12 per cent on the same period of 1983 to 1.2m. Car exports rose by 9 per cent to 607,800 while commercial vehicle exports dropped by 2 per cent to 44,800.

Slowdown in Swedish industrial production

By DAVID BROWN IN STOCKHOLM

SWEDISH INDUSTRIAL production slowed in February but remained nearly 7 per cent above last year's level.

Seasonally-adjusted figures for February show a drop of 0.7 per cent compared with January levels, while production for the three months between December and February was virtually unchanged against the previous three high-growth months, reports Statistics Sweden (SCB).

The decline comes on the heels of unexpectedly high autumn production last year. "We foresee continuing rapid production increases," said a leading economist with Skandinaviska Enskilda Banken, Sweden's leading commercial bank. "This is a temporary phenomenon."

He noted sharp increases in order intake (especially in export or-

ders for the engineering sector), higher employment and investment, and a decline in stocks.

A Swedish Finance Ministry source said the figures did not change the Government's prediction for 6 per cent industrial growth in 1984.

The preliminary SCB figures show production in the engineering sector (excluding shipbuilding) declined by 1 percentage point during January but was up 11 per cent over the previous year. The three-month December to February production figure grew only 2 per cent compared with the 1 per cent advance in the earlier period.

Sawn timber, paper and cardboard production was ahead by 5 per cent in February, while pulp output declined by 8 per cent.

The Federal Republic of Nigeria Refinancing of Short-Term Trade Arrears

During the last few weeks the Federal Military Government of Nigeria has been holding detailed discussions with Export Credit Agencies and major suppliers of goods and services who have large amounts outstanding from Nigeria on ways of settling the arrears of short-term trade payments which have built up as a result of constraints on foreign exchange resources at the Central Bank of Nigeria.

Agreement in principle on an arrangement to give effect to this settlement has been reached with creditors in respect of very substantial arrears, and the Federal Military Government of Nigeria is now offering all eligible creditors (other than U.S. persons) who have short-term arrears due to them the opportunity to participate in the same arrangement.

Creditors, including banks, (other than U.S. persons) claiming receivables due from Nigeria can freely obtain details of this arrangement contained in the Central Bank of Nigeria Circular dated 18th April, 1984, which is available for collection in person or on written request from the most convenient to them of the offices listed below.

This Circular sets out the relevant procedures and includes provision for eligible creditors (other than U.S. persons) to lodge with The Chase Manhattan Bank N.A., London, as Reconciliation Bank, by 30th May, 1984 a statement of their claimed arrears for reconciliation and for approval by the Central Bank of Nigeria, and for them to accept the terms of this arrangement.

Offices:

The Central Bank of Nigeria, Lagos.
The Nigerian High Commission, London.
The Nigerian Diplomatic Missions in France, Germany, Hong Kong, Italy, Sweden and Switzerland.

China courts East Europe

By LESLIE COLT IN BERLIN

CHINA HAS sent a small but high-powered delegation to Eastern Europe to sound out prospects of improving relations with the Soviet Union's Warsaw Pact allies.

The delegation is headed by Wang Jingnan, chairman of the Chinese Society of Friendship with Foreign Peoples. The delegation is currently visiting Poland and will go to East Germany, Hungary, Czechoslovakia, Bulgaria and the Soviet Union.

Wang last year explained that China now regarded the East European countries as "socialist" but not the Soviet Union Party.

because of its "hegemonic" foreign policy. He noted this change in Peking's policy had led it to having better relations with Eastern Europe than with Moscow.

China's Communist Party general secretary, Hu Yaobang, recently sent a personal message to President Erich Honecker of East Germany expressing satisfaction over the improvement in their relations. The message on this level was unusual as there are no party relations between China and East Germany or with any other East European Communist Party.

Euro currency loans deposit dealing · bond trading

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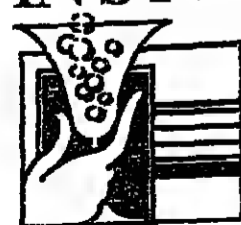
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Financial Highlights	as per the end of the financial year		
- in millions of US-Dollars -	1982/83	1981/82	1980/81
Balance sheet total	9,738	8,885	7,226
Claims from money market transactions with banks	1,128	1,527	1,129
Loans and advances to customers	4,625	4,670	3,683
Credit volume	8,119	6,961	5,423
Liabilities to banks	7,614	7,186	5,694
Capital and reserves	146	146	133

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EUROPEAN NEWS

Anthony Robinson describes the rise to prominence of Mikhail Gorbachev
A Soviet heir both apparent and real



Mr Gorbachev: unscathed by the trauma of war

THE SOVIET UNION not only gained a President at last week's session of the Supreme Soviet in Moscow—it was also presented with an heir-apparent: Mikhail Sergeevich Gorbachev. Because the Soviet system has no provision for a deputy leader, rank has to be deciphered from physical position at official line-ups, signatures or obituaries or decrees and general demeanour in public.

On all these counts, Mr Gorbachev, 53 last month, must now be considered number two in the Soviet hierarchy and the nearest thing to an appointed successor that the Soviet Union has ever seen.

In trying to assess the strength of Mr Gorbachev's claim to the Soviet throne it is important to recognise that he is not the chosen heir of Mr Konstantin Chernenko, the present leader, but of Mr Yuri Andropov, Mr Chernenko's predecessor. But he is not the first heir apparent to emerge during the 67 years of the Soviet state, and the fate of previous young hopefuls is not reassuring.

Lenin's choice of successor was not Stalin, but a brilliant party intellectual, Nikolai Bukharin, who he described affectionately as "the darling of the party." The ruthless, rule-making scheming Stalin first elbowed aside, and then physically annihilated Bukharin along with all his other real or potential rivals, from Zinoviev to Trotsky.

Like most great men, Stalin surrounded himself with mediocre men and sycophants, and groomed one of these, the colourless Georgi Malenkov, to succeed him. Malenkov's moment of glory was brief. He became chairman of the Council of Ministers, effectively Prime Minister, on Stalin's death, leaving the party in the hands of a committee of five men, who included Khrushchev, a much tougher and wily figure than Malenkov. The latter was stripped of power in 1956 and banished to Ust-Kamenorsk in Siberia, where he became manager of the local hydro-power station.

Khrushchev's eye was caught by a slightly flash, gregarious and craggy handsome young man with a reputation as a womaniser but also as an effective and well-liked local party boss. His name was Leonid Brezhnev.

In the end, Brezhnev played the role of Brutus in the Kremlin coup of October 1964, masterminded by veteran ideologue Mikhail Suslov. He emerged first as primus inter pares with Alexander Kosygin and Nikolai Podgorny and ultimately as leader in his own right.

Having betrayed the confidence of his own patron, Brezhnev was clearly determined not to suffer the same fate himself. The current

central committee secretary for agriculture following the death of Politburo agriculture specialist Fyodor Kulakov. Two years later, he took over his predecessor's vacant Politburo chair as well.

The fact that he has survived five bad harvests in a row is perhaps the biggest single pointer to the security of his hold on power. While Mr Brezhnev was alive he kept a low public profile and sat, plump, balding and inscrutable through public appearances with other leaders.

Physically he reminds one of the American actor Rod Steiger when he played Al Capone a decade ago. Recently he has taken to wearing glasses in public and he has grown bald. A large strawberry coloured birth mark has become more prominent on his upper forehead. Like most Soviet leaders, little is known about his private life.

His wife has been seen by foreign diplomats' wives and is described by one as "elegant, beautiful and dripping with jewels." She did not accompany him however on an official visit to Canada last May when he impressed his hosts as a bright, well-informed and sophisticated operator. Significantly his trip to Canada was extensively televised in the Soviet Union.

One of Mr Chernenko's greatest setbacks is that he is so obviously a domestic product unlikely to travel well or impress foreigners. Mr Gorbachev is being groomed as a future world class statesman, who is likely to appeal to millions of Russians, who long for their country to be respected abroad.

At the same time his range of domestic duties has been steadily extended beyond agriculture and the economy to party organisation—he organised the recent internal party elections for Andropov—and now foreign affairs and ideology following his appointment last week as chairman of the foreign affairs commission of the Supreme Soviet.

On present form, Mr Gorbachev now looks unassailable—barring accidents and the unpredictable. One of the main questions now is whether Mr Chernenko will remain as President, party leader and head of the armed forces until death or whether we are witnessing a conscious attempt to bring more order and structure into the Soviet system.

Mr Chernenko might yet go down in history as the first Soviet leader voluntarily to relinquish all or part of his powers in favour of a chosen successor, of this happens Mr Gorbachev looks like being the first beneficiary—but such a move would mark a significant evolution in Soviet political practice. It would also bring to power the first Soviet leader innocent of complicity in Stalin's crimes and relatively unscathed by the trauma of World War Two.

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Norman Mischler, Chairman, Hoechst U.K.

Fact 1

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Today Hoechst markets a huge range of products including dyestuffs, pharmaceuticals, plastics and veterinary products. But perhaps one of its best known names is Trevira®. Trevira® polyester fibre and yarns are well known for their uses in clothing, home textiles and industrial textiles. Trevira® yarn and technical monofilament yarns are produced in Northern Ireland, where Hoechst relies upon the skill and efficiency of its workforce to maintain competitiveness in today's man-made fibre markets.

Fact 2

Luckily, the good news about Northern Ireland's high productivity travels almost as fast among some industrialists as bad news does in the media, which perhaps explains why 100 plants have set up almost unnoticed in Northern Ireland in the last 10 years. European companies, like Hoechst, STC and Philips, have joined many successful American companies, including Du Pont and General Motors, in judging Northern Ireland on its merits. They are delighted with the results.

Fact 3

A technically gifted workforce and a unique relationship between unions and management results in consistently good industrial relations and productivity. For example, in 1982, an average of less than one hour per man per year was lost due to industrial disputes of any kind.

Fact 4

We have an efficient infrastructure; our ports, airports, roads, telephone and telex are geared to modern business needs. Their consistent reliability makes first class delivery performance possible for every company operating in Northern Ireland.

Fact 5

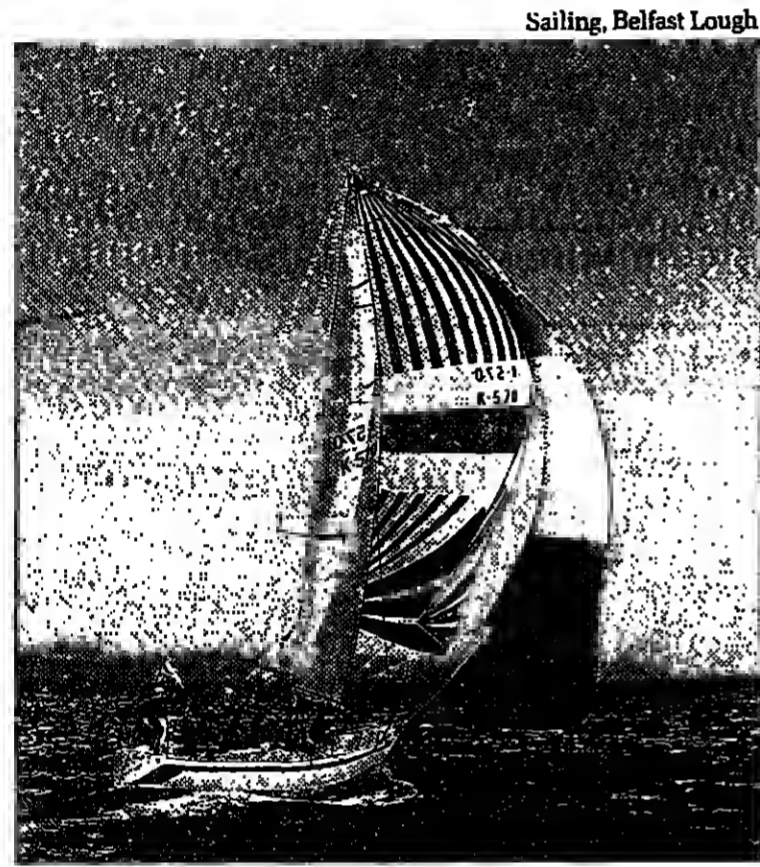
For a company looking to both short-term and long-term profits, our financial package is irresistible. Your fixed capital costs can be reduced by up to 90% and many companies pay no Corporation Tax.

Fact 6

Sailing in Northern Ireland's coastal waters is only one of many leisure activities enjoyed by foreign executives and their families. In fact sailing is an extremely competitive sport in Northern Ireland with regular racing and even flotilla cruising to nearby Scotland, Isle of Man, England and Wales. Often executives and their families like the lifestyle so much that they are reluctant to return home even to accept promotion.

Fact 7

Our researchers tell us you may not believe these facts at first! So why not accept this challenge from companies which have already committed themselves to investment in Northern Ireland - "Visit us and we'll show you the facts". To arrange a visit to a successful company in Northern Ireland call or write to John Hughes at the address below.



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THYSSEN

Thyssen Information

After the heavy burdens with which the Thyssen Group was confronted in 1982/83 in its steel divisions and at The Budd Company, a clear upward trend has established itself throughout the whole Group. Thyssen's external sales worldwide rose during the first half of fiscal 1983/84 by 13% compared with the corresponding period last year.

Sales of the steel division rose by around 17%, with production increasing considerably. Steel prices continue to lag behind, but the trend has turned upward since the beginning of 1984. The first steps of the division's adjustment programme involving a further substantial reduction in capacity have already been implemented. Upon their completion our crude steel capacity will amount to only 11 million tons per year and the steel division's labour force will be decreased by a further 10,000 employees.

The results of our specialty steel division have improved appreciably. Demand has greatly increased, and prices are also gradually improving. So far during the course of 1983/84 sales have risen by 30%. This division, too, is still undergoing adjustments.

The capital goods and manufactured products division increased its sales by 12% in the first half of 1983/84. Thyssen Industrie's sales and incoming orders were below last year's level. Some business sectors, such as Thyssen Nordseewerke, are undergoing a process of adjustment. Profitable components and systems such as those at Thyssen Maschinenbau and Thyssen Aufzüge are being expanded.

Business at Budd is showing a strong expansion in the first half of 1983/84, with the increase in sales amounting to 34% in terms of US dollars. Following the high

losses of the past two years positive results, with the exception of the transit division, can be expected at Budd for 1983/84. The loss of the transit division in 1983/84 will be substantially reduced as compared with that of the previous year. Nevertheless, it will again prove a burden on Budd's overall result.

In our trading and services division expansion is continuing. Sales during the first half of 1983/84 rose by 12%. All of the division's business sectors continue to be profitable. Thyssen Handelsunion, one of the largest trading companies of its type in Germany, is a particularly stable sector of the Thyssen Group which promises further growth for the future.

Intensive efforts are being made to eliminate the weak points in the steel division and at Budd. Seen from the present point of

view, and leaving aside the steel division, Thyssen's worldwide results for fiscal 1983/84 will be more or less balanced.

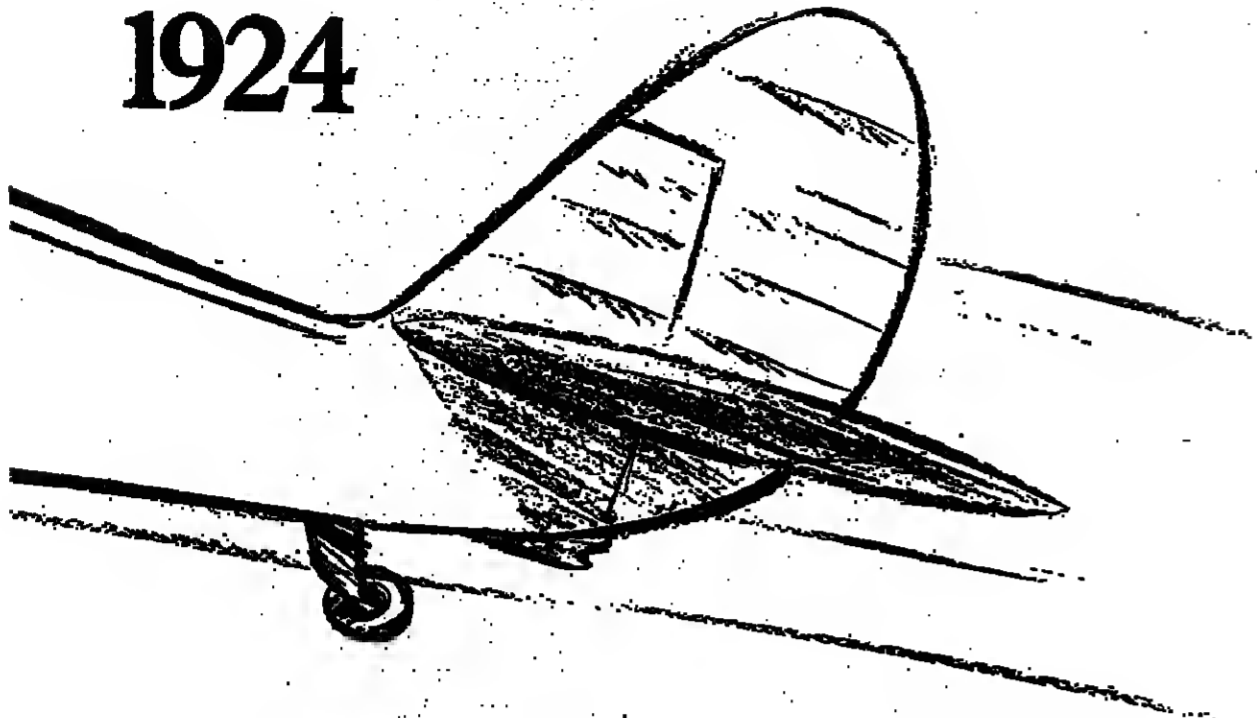
Thyssen worldwide 1982/83 (October 1, 1982 - September 30, 1983)

Total sales of the divisions				
Steel	DM	7.9 bill.	Labour force, annual average	139,200
Specialty steel	DM	2.8 bill.		
Capital goods and manufactured products	DM	9.1 bill.	Balance sheet items	
Trading and services	DM	15.2 bill.	Balance sheet total	DM 17.8 bill.
Total sales			Stockholders' equity	DM 2.8 bill.
Thyssen Group	DM	35.0 bill.	Capital expenditure	DM 963 mill.
Intercompany sales	DM	6.6 bill.	Depreciation and amortization	DM 1,144 mill.
External sales			Deficit as per balance sheet	DM 48 mill.
Thyssen Group	DM	28.4 bill.		

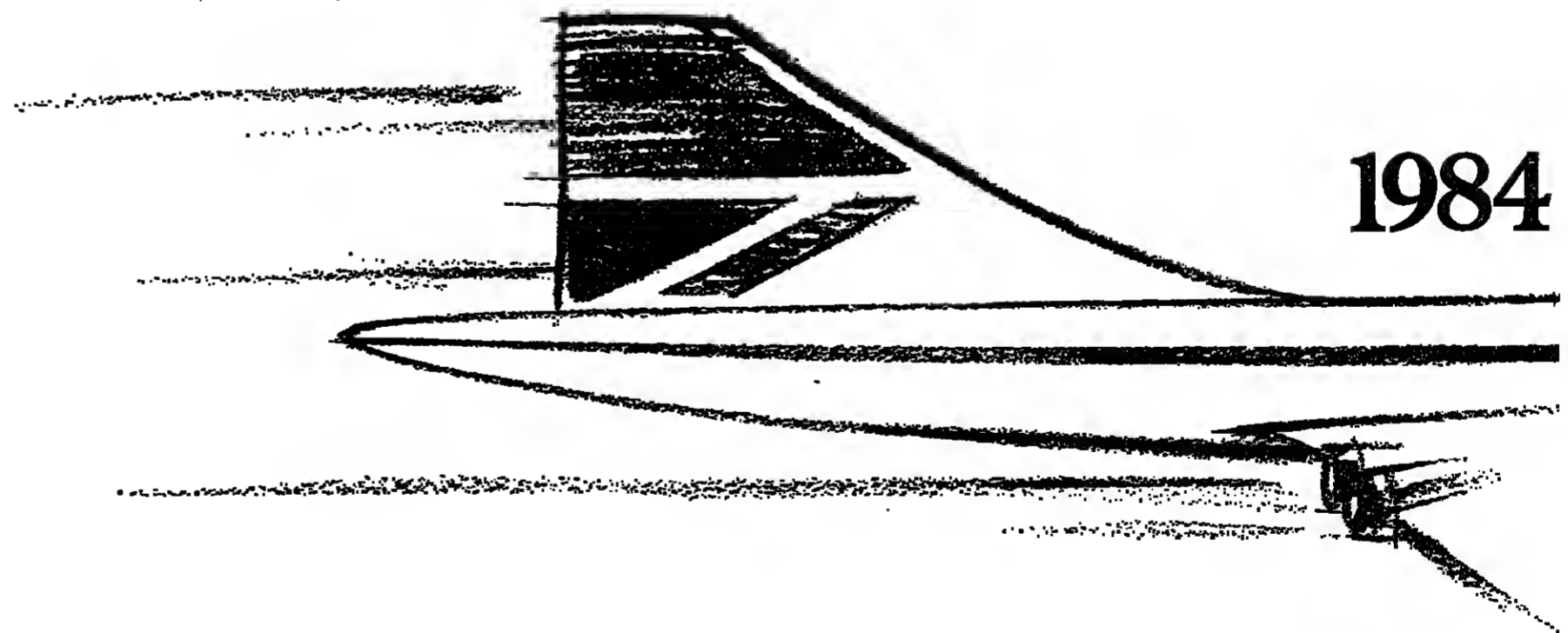


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OVERSEAS NEWS

Optimistic mood for Reagan visit

PEKING — President Reagan's visit to China is likely to enhance prospects for further U.S. investment and joint business ventures, a Chinese official said yesterday.

An official of the Ministry of Foreign Economic Relations and Trade struck an optimistic note despite the recent stalling of talks on a key Sino-U.S. investment treaty.

His comments were made public as U.S. officials entered a second day of talks aimed at securing a nuclear co-operation agreement with China before Mr Reagan's visit at the end of the month.

The deadly effect of Gadaffi's Third Universal Theory

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

THE OUTBREAK of Libyan violence on the streets of London yesterday can in large part be blamed on the "Third Universal Theory" and its author.

through a congress and committees. The latest enactment of the law appeared to have taken place on February 22, at the Libyan People's Bureau (formerly the embassy) in London.

chester. The British Government further attacks could seriously damage relations between the two countries and stressed that it would not tolerate the use of violence.

A former diplomat who served in Tripoli said yesterday: "The silencing of dissidents is a fundamental requirement for Gadafi. He is psychologically incapable of accepting that there are Libyans who believe he is wrong.

exporting his revolution has ensured that Libya is rarely far from the main trouble spots of the Middle East and Africa.

It is still heavily involved in Chad; it was last month accused of attempting to bomb a radio station in Sudan; during the January riots in Tunis, a Libyan team was said to have blown up an oil pipeline, and "hit squads" are alleged to have been sent to the U.S.

Murder trial told of corruption inquiry

By a Special Correspondent in Hong Kong THE PUBLIC trial to establish who strangled Malaysian banker Mr Jallil Ibrahim last July and dumped his body in a banana grove was told yesterday that other Malaysian bankers here were being investigated at the time by the Corruption Commission.

Howe meets Chinese leaders

BY ROBERT COTTRELL IN PEKING

ZHAO ZIYANG, Prime Minister of China, yesterday told Sir Geoffrey Howe, Britain's Foreign Secretary, that a settlement of the future of Hong Kong will "promote the existing friendly relations between Britain and China to a new stage."

Chinese leaders in Peking, in a visit aimed principally at discussing the outstanding elements in Hong Kong's future administration on which the two countries have yet to reach agreement.

A Chinese Government spokesman also confirmed yesterday that Sir Geoffrey will meet Deng Xiaoping, the Chinese leader, this morning before flying to Hong Kong.

Asian economies helped by recovery in West

BY EMILIA TAGAZA IN MANILA

THE NEWLY industrialising countries of Asia recovered last year from the exceptionally low growth rates of 1982. In its annual report, the Asian Development Bank, the major multilateral lender in the region, attributed the recovery to a renewed demand in the countries' major markets in the West, triggering a revival in exports and in local manufacturing and demand.

Korea recovered to an 8.7 per cent growth compared with 5.8 per cent. The ADB said, however, that growth rates declined in Burma, Nepal, Sri Lanka, Fiji and the Philippines. Except for the Philippines, these countries were adversely affected by severe drought and inclement weather, slowing down agricultural production. In the case of the Philippines, external payments problems hindered growth.

Japan and U.S. still apart over funding

By Mohamed Afshar in Islamabad

"CONSIDERABLE efforts" will still be required to bridge the gulf between the U.S. and Japan over the thorny question of replenishment of International Development Association coffers and implement a selective capital increase for the World Bank.

Under cross-examination yesterday, Mr Henry Chin—the bank's other assistant general manager at the time—said he did not know that his superior, general manager Mr Ibrahim Jallil, had gone on leave earlier than usual because he was about to be interviewed by Hong Kong's Independent Commission against Corruption.

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Bank of America's Los Angeles Trading Center is rapidly becoming one of the most active world financial centers because of this remarkable system. And that's only the beginning. Within the year, Bank of America will install systems in San Francisco, New York, Chicago and Toronto.

And soon an interactive on-line trading system will be available that gives you immediate access to Bank of America's network of trading rooms in major money centers worldwide. So you can make your own foreign exchange transactions. In your own office. 24 hours a day.

For a foreign exchange service designed to serve you better now—and in the future—look to Bank of America.

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Mr Chin described the \$4m loan as "a unique transaction." But Mr Osman, the chairman, had written on the bottom of the letter: "Henry, implement this immediately."

Mr Chin admitted that he had said to a colleague: "Shit, why did I ever get involved with it?" He said that when Mr George Tan, then chairman of Carrian, came to the BMF office on the day that Mr Jallil was murdered, Mr Tan seemed irritated by the delays. The court was told on Monday that Mr Jallil was responsible for the loan and that a committee in Kuala Lumpur, the Malaysian capital, had to approve all new loans.

At this point, added complexities are funnelled in to an already convoluted case. Mr Jallil, the man who could authorise loans, had been lured to a local hotel in order to cash some travellers cheques for what he understood to be a visiting Malaysian businessman with political clout.

The prosecution maintains that the alleged prominent businessman was, in fact, the accused. Questioned by the defence yesterday, Mr Chin said he knew nothing about Hong Kong businessmen putting funds into banks in Malaysia to protect their business interests.

He also denied any knowledge of enterprises such as Carrian handing out commissions to anyone who could arrange dealings with Malaysian banks. He said he had never received a commission for anything.

In reply to questions, he surmised that Mr Lorrain Osman, chairman of BMF, might have flown to Hong Kong from Kuala Lumpur specifically for the \$4m loan to Carrian (described on Monday as "very important") in the attempt to salvage Carrian. The loan was obtained, but Carrian collapsed.

Mr Chin said that when Mr Jallil did not return from his trip to change travellers cheques across the harbour, he went ahead and authorised the loan. The prosecution maintains that, by then, Mr Jallil had been strangled with dressing gown cord.

NEW DELHI—India is considering a proposal to invite finance ministers of developing countries to meet in New Delhi to discuss reforming international monetary bodies, Finance Minister Pranab Mukherjee said yesterday.

He told journalists that international bodies have failed to respond adequately to Third World requests for aid. He said India faces uncertainty over maintaining its present share of aid because of a cut in contributions by donor countries to the International Development Association, the World Bank's soft-lending affiliate.

Beirut crossing reopened with new monitoring posts

BY NORA BOUSTANY IN BEIRUT THE ONLY access road linking the skyscrapers, according to a plan drafted by the Lebanese multi-factional security committee.

Beirut was generally calm yesterday, with progress reported in talks between Lebanese, Druze opposition representatives and Syrian Vice-President Abdel Halim Khaddam in Damascus. A reform package was reported to be in the making between Lebanese President Amin Gemayel, the opposition and the Syrian regime. No details were divulged.

Nkomo criticises black oppression in Zimbabwe

MR JOSHUA NKOMO, Zimbabwe's opposition leader, said in London yesterday that the past three years in Zimbabwe had been worse than the 33 years in which he fought against white oppression.

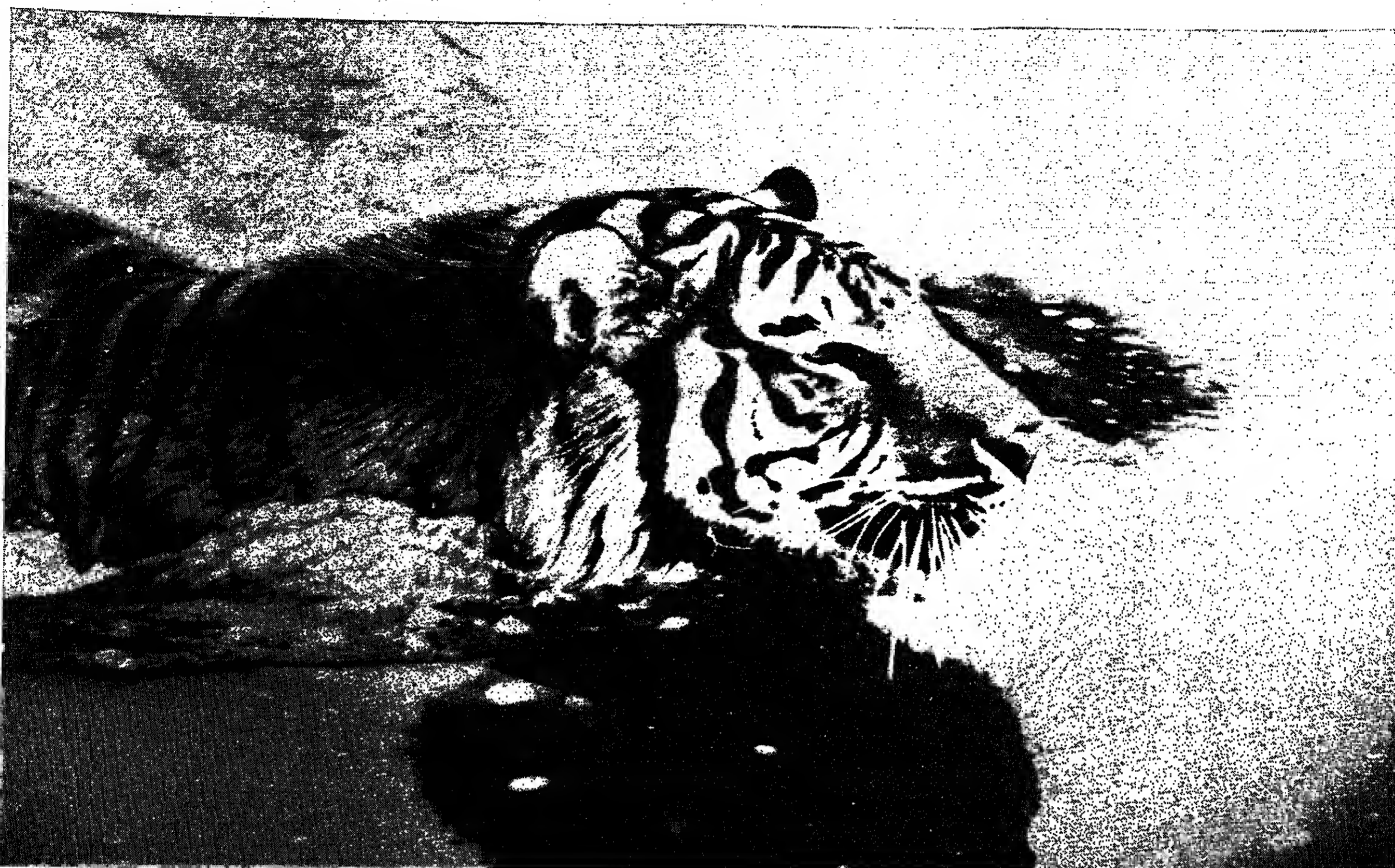
He said: "And that included having been detained for 11 years and to exile for half of that time."

The nationalist leader was in London to launch his book, The Story of My Life.

Mr Nkomo told a Press conference that as a nationalist leader he had not been fighting against white rule as such. "I fought against the system. That is why I said the saddest thing in my life was when I discovered that people can get their freedom from colonial masters and find themselves unfree."

He said he had not been able to hold a meeting for the past four years in the capital, Harare. "People are being detained without trial. People are being tortured. We have independence and freedom from our colonial masters. But there are killings within us."

"When I criticise these things I am not criticising Robert Mugabe and his Government. I am fighting against these things. I did not accept these things when the government was white. I will not accept them when the government is black."



A CAT'S EYE VIEW OF THE NORTH SEA.

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We then took the plunge and began the development of North Sea oil and gas.

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1984 sees Esso continuing its massive investment programmes.

This year alone Esso capital and operating expenditure will exceed £1,000 million, 85% of which will be spent in Britain, supporting around 40,000 jobs...

Our exploration and appraisal drilling will be almost twice the record level achieved in 1983; and we will drill a wildcat well West of Shetland in the deepest water ever drilled in the UK sector...

New pipelines will be constructed; marketing terminals will be modernised and automated; new refinery technology will be introduced meeting the changing requirements of our customers and preparing for the reduction of lead in petrol; and more new flagship stations will be added to our retail network—the finest service station chain in Britain...

All this is happening in 1984.

But what of the future?

Huge investments are required to help maintain self-sufficiency in oil for Britain and meet our customers' needs up to the year 2000 and beyond.

By the end of 1990 alone Esso expects to invest a further £4,500 million in Britain.



AMERICAN NEWS

Reagan axe prompts dissent over racial dividing line

BY NANCY DUNNE IN WASHINGTON

THE U.S. Civil Rights Commission has been a constant thorn in President Ronald Reagan's side. It seems to be devoting its time to sniping at the with accusations and saying things that aren't true, he complained. Last year, he decided to do something about it.

It does it pick the two things that whites and many black Americans disagree with—busing and quotas—and says the only reason why there's any opposition to these things is busing and quotas. This is undiluted malarkey.

The study of "the adverse consequences of affirmative action programmes on Americans of European descent." Also on the Commission's agenda now, at her urging, is an investigation of the doctrine of "comparable worth," the idea that equal pay should be given not only for equal work but for work deemed comparable in value.

Nicaragua protests to Costa Rica over guerrilla attacks

THE NICARAGUAN Government has accused Costa Rica of violating its policy of neutrality by allowing rightist guerrillas seeking to overthrow Nicaragua's left-wing Sandinista Government to use Costa Rican territory to launch their attacks on the isolated frontier garrison of San Juan del Norte.

Texas University plans 32 posts in high tech

THE UNIVERSITY of Texas is establishing 32 new chairs in high technology industry research. The move is part of a broad strategic plan, developed by the state government aimed at enhancing the industrial base of the state in sectors such as microelectronics, molecular biology, computer aided design and materials engineering.

Report suggests sweeping changes vital to Canada

SWEEPING CHANGES in Canada's economic and social fabric are needed to ensure the country's future well-being, according to the first report of a commission on development prospects chaired by Mr Donald Macdonald, a former Federal finance minister.

Missile secrets sale will 'seriously damage' U.S.

CLASSIFIED U.S. missile defence documents sold to Soviet intelligence agents by Mr James Harper, the self-confessed Silicon Valley spy, will have a long term and serious effect upon U.S. defence according to a senior military and intelligence expert.

Anglovaal Group

Mining companies' reports - Quarter ended 31 March 1984

Table for Anglovaal Group: Hartebeestfontein Gold Mining Co Ltd. Issued capital: 11 200 000 shares of R1 each. Operating results: Gold milled, Gold recovered, Yield, Revenue, Costs, Profit, etc.

Table for Anglovaal Group: Prieska Copper Mines (Pty) Ltd (continued). Taxation for the current quarter and for the nine months ended 31 March 1984.

Table for Anglovaal Group: Consolidated Murchison Ltd (continued). Taxation for the quarter ended 31 March 1984 takes into account the increase in the rate of company tax from 46.2 to 50 per cent.

Table for Anglovaal Group: Lochs Gold Mines Ltd. Issued capital: 18 369 386 shares of R1 each. Operating results: Ore milled, Gold recovered, Yield, Revenue, Costs, Profit, etc.

Table for Anglovaal Group: Prieska Copper Mines (Pty) Ltd. Issued capital: 54 000 000 shares of 50 cents each. Operating results: Copper, Zinc, Concentrates produced, etc.

Table for Anglovaal Group: Consolidated Murchison Ltd. Issued capital: 4 160 000 shares of 10 cents each. Financial results: Sales of antimony concentrates less realisation charges, Gold sales, etc.

Table for Anglovaal Group: Prieska Copper Mines (Pty) Ltd. Issued capital: 54 000 000 shares of 50 cents each. Operating results: Copper, Zinc, Concentrates produced, etc.

Table for Anglovaal Group: Consolidated Murchison Ltd. Issued capital: 4 160 000 shares of 10 cents each. Financial results: Sales of antimony concentrates less realisation charges, Gold sales, etc.

Table for Anglovaal Group: Lochs Gold Mines Ltd. Issued capital: 18 369 386 shares of R1 each. Operating results: Ore milled, Gold recovered, Yield, Revenue, Costs, Profit, etc.

\$87 billion is quite noticeable.

In London, the biggest international banking centre, National Westminster's tower reflects the bank's position as one of the biggest and most profitable banks in the world.

Its assets top eighty seven billion dollars, its money lent currently tops sixty five billion,* and the annual turnover of its international money centre in London alone is over 16 thousand billion dollars.

The only way a bank can develop an operation on this scale is by providing its customers with an unparalleled wealth of know-how and initiative.

On demand.

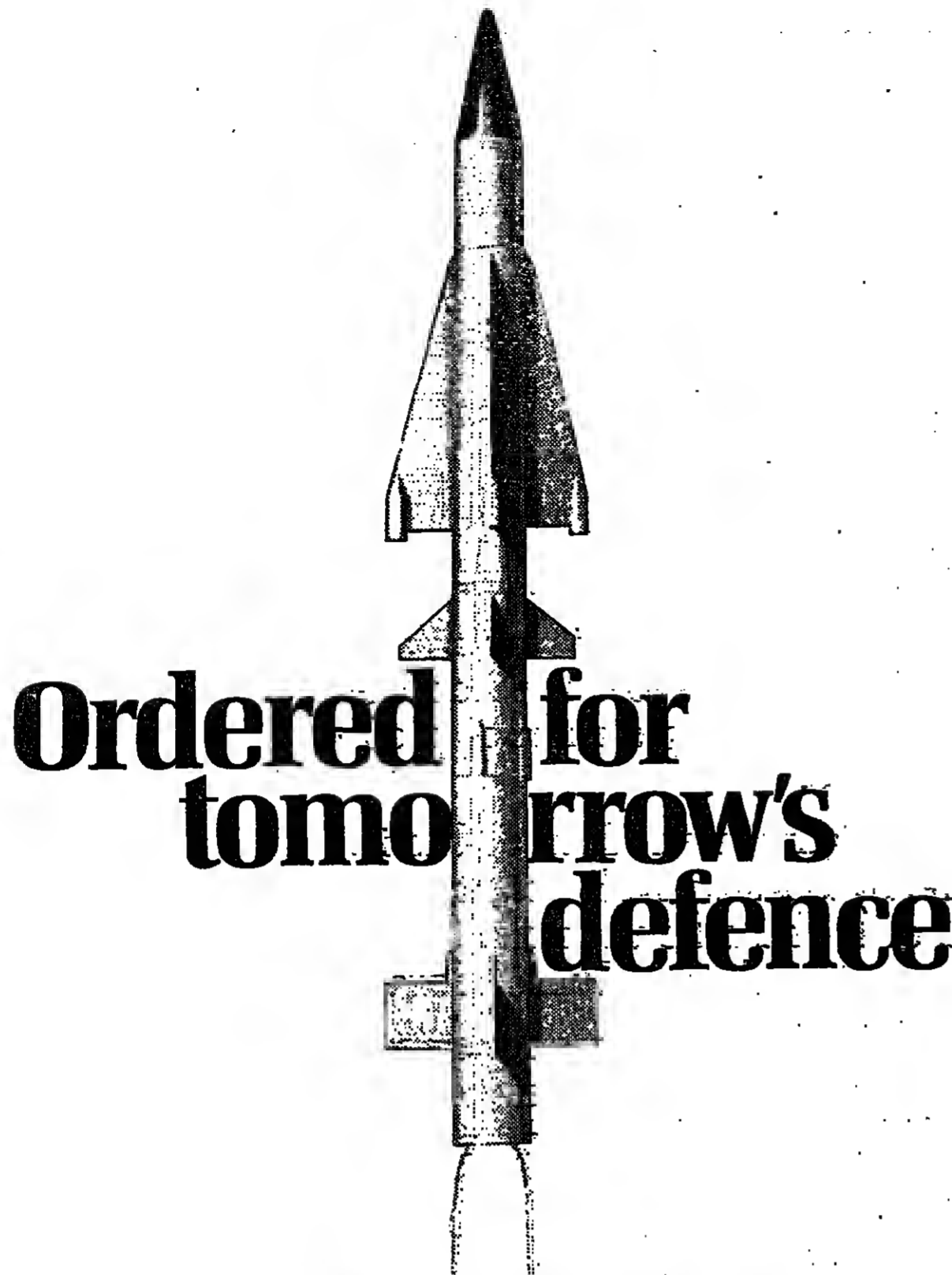
We believe that there is no bank in a better position to take wise and decisive action on your behalf.

 **National Westminster**
The Action Bank

*As at December 1983

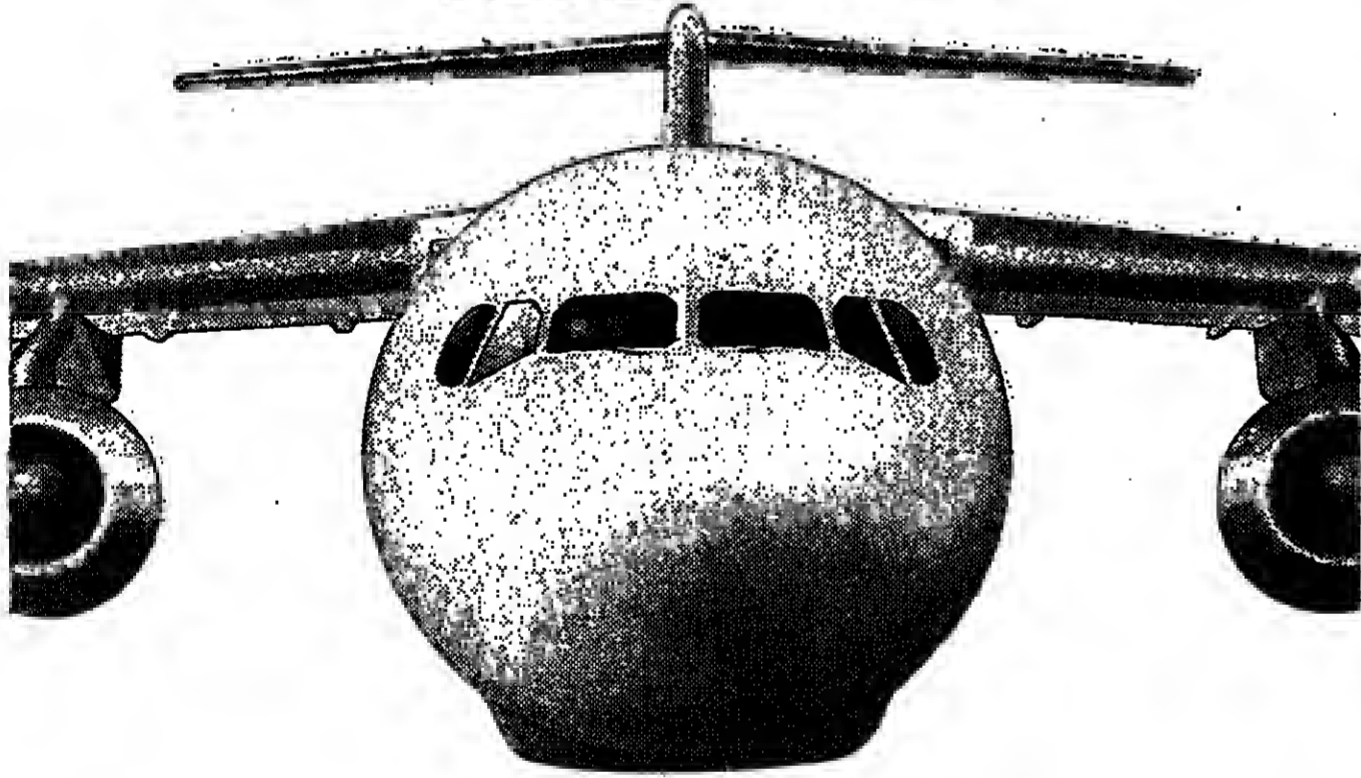


AUSTRALIA TELEX 24491 BAHAMAS TELEX NR 20177 BAHRAIN TELEX 8294 BELGIUM TELEX 21208 BRAZIL TELEX 391-213051 FRANCE TELEX 210393 GREECE TELEX 212766 HONG KONG TELEX HX 61672 JAPAN TELEX 28292 MALAYSIA TELEX 33044
MEXICO TELEX 017 71 786 SINGAPORE TELEX 28491 SPAIN TELEX 46934 SWEDEN & NORWAY TELEX 15050 SWITZERLAND TELEX 812186 U.K. TELEX 685361 U.S.A. TELEX 233563 USSR TELEX 413258 W. GERMANY TELEX 416500



Ordered for tomorrow's defence

ordered for tomorrow's environment.



Her Majesty's Government has confirmed that contracts worth some £250 million are to be placed for the vertical-launch version of Seawolf, the world's only anti-missile missile system. And, with the new order from Ansett Transport Industries of Australia, operators in five continents have now placed orders giving tangible proof of the environmental and economic qualities of the world's quietest jetliner, the British Aerospace 146. Seawolf and 146 are only two of the programmes which have brought British Aerospace world leadership across the broad spectrum of hypertechnology - from missile defence systems to airliners, from space engineering to military aircraft.

BRITISH AEROSPACE unequalled in hypertechnology

WORLD TRADE NEWS

EEC 'threat to Australian beef'

BY COLIN CHAPMAN IN SYDNEY

THE AUSTRALIAN MEAT and Livestock Corporation is seeking Federal Government and international support for action against what it describes as a "devastating EEC threat" to Pacific beef markets. In a letter to Mr Lionel Bowen, the Deputy Prime Minister, Mr Geoff Jones, Chairman of the Corporation, said that EEC surpluses and their subsidised sale could lead to Australia losing its 200,000 tonne beef trade with the Asian region valued at \$322.5m and constituting 37 per cent of total beef exports.

The Australian beef industry is already reeling under the shock of discovering that the United States is to get the lion's share of the increase in Japanese import quotas. John Kurin, the Primary Industry Minister, has been in Tokyo for three days trying to secure a better deal for Australia, but has agreed only a further meeting with his Japanese opposite number in a month's time. Mr Jones says that the EEC threat is the most serious threat now facing Australia and other producing countries.

Foreign cars fail to regain Italian sales

By James Ebdon in Rome

FOREIGN CAR makers failed to regain ground lost in 1983 in the Italian car market in the first quarter. Imports took 36 per cent of the market, compared with 35.6 per cent for the whole of 1983, and 40.8 per cent in 1982. Total car sales in the first three months of 1984 were up 8 per cent at 482,000 units. As usual Renault, with almost 10 per cent of the market, was best-selling foreign make in the first three months of 1984, followed by Citroen, Ford, Volkswagen and Opel GM, all with just under 4 per cent of the market.

The uncertain position of foreign cars in the Italian market is due mainly to the success of new cars produced by the Fiat group, notably the Fiat Uno, which came out just over a year ago and was voted European Car of the year for 1983. The new Fiat Ritmo and cars made by Lancia, also part of Fiat.

Exports of Italian-made cars rose 9.5 per cent in the first two months of this year, to a total of 83,000 vehicles.

Asca wins Vermont power contract. ASEA, the Swedish electrical engineering group, has won a power transmission order from the Vermont electric power company (Velo) in the U.S. worth at least \$kr 100m (\$865,800). David Brown writes from Stockholm.

The project covers a turnkey high voltage direct current (HV/DC) converter station with equipment including transformers, thyristor valves, and capacitors. Because of ongoing negotiations between Velo and Canadian authorities, who will supply the hydropower, neither the exact contract value nor the plant capacity have been released. The contract is thought to be below 200MW. The plant should be completed by 1986, company spokesmen said.

Asca is currently engaged in three major HV/DC projects outside Sweden: the 6,500 MW Itaipu project in Brazil, the 400 MW upgrading of the Pacific Intertie in the U.S. and the 1,600 MW Intermountain project, also in America. The group claims a 50 per cent world market share in HV/DC transmission.

Asca increased pre-tax profits by 55 per cent last year to \$kr 20m on total sales of \$kr 30.2m.

Japan wins \$71m Singapore contract. A JAPANESE consortium said it has won a \$71m (\$7.2m) contract to build a 65-storey skyscraper in Singapore, Reuters reports from Tokyo.

Kajima Corporation said the contract is from the overseas Union Bank Group for which it will build a 319 ft high building. Construction will start in August at a site at Raffles Place, central Singapore, and should be complete in two years.

Messerschmitt-Bölkow-Blohm through Deutsche Airbus, of West Germany, will have a 51 per cent, working on the centre and rear fuselage sections, the tail fin and the flaps, while it will also commercially furnish the aircraft for assembly at the Casa de Spain, will have a 20 per cent share, responsible for the horizontal stabiliser at the tail, and the main landing gear.

BAE's responsibility will be to design and build the airframe wings for the A-320, including all moving parts except the flaps (which will be made by MBB for installation by BAE). BAE will thus deliver "synthetic wings" to the final assembly line in Toulouse.

A work-sharing analysis published by Airbus Industrie shows that the biggest share will go to Aerospatiale, of France. That company will be responsible for 38 per cent of the front fuselage, the flight deck, centre wing box and engine nacelles, while also undertaking final assembly at Toulouse.

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Japan's machinery exports curbed

BY YOKO SHIBATA IN TOKYO

JAPAN'S exports of construction machinery to the UK will be restricted by order of the Ministry of International Trade and Industry (MITI). The Ministry has informed Japan's construction machinery manufacturers that the Government will curb Japan's exports of hydraulic excavators to the UK from July by extending the free trade system under export and import legislation.

Friction over hydraulic excavator exports to Britain has become acute since last autumn when the Japanese share of the market plunged to 48 per cent. The UK construction market is the largest in Europe, with demand for hydraulic excavators at about 1,700-2,000 units a year. The British maker, J. C. Bamford was the market leader, followed by Fochan of France and Lehmann of West Germany. Hitachi Construction Machinery was the only Japanese competitor. However, the rising presence of giant Japanese makers such as Komatsu (from 1982), Kobe Steel and Mitsubishi Heavy Industries (from 1983) has posed a threat to European makers in a short period of one year. The Ministry has been urging construction machinery makers to exercise restraint on export prices. However, the excessively competitive nature of the Japanese construction industry, where undercutting of domestic selling prices by 20-40 per cent is the usual practice, makes it difficult to take joint counter-measures to avoid trade friction. As a result, the MITI has decided to apply the export restraint order by establishing a minimum price for exports.

China places N-deal in Sweden

BY TOM SEALY IN GÖTEBORG

SWEDISH welding specialist ESAB has gained the first orders to be placed with western firms for China's nuclear power programme. Mr Bengt Eskilsson, ESAB president, yesterday, announcing that the People's Republic of China has now placed three orders with his company. The contracts, together worth some \$kr 11m (\$982,200) are split between two Chinese engineering plants that seem to be destined to become the centre of China's future nuclear engineering industry. The second heavy machinery plant in Deyan, Sichuan province, has ordered a welding station consisting of a 100-tonne reactor, a roller bed, a column and boom welding support, a narrow gap welding head and ancillaries.

This equipment is capable of joining and cladding the cylindrical parts and welded end domes of reactor vessels with a diameter of up to 4m and a material thickness of over 200 mm. The deal also incorporates ESAB's gas metal arc joint, mainly for the construction of the major mechanical parts of the reactor, while ESAB will supply the electrical and electronic controls. The third contract is for a roller bed and a smaller column and boom welding station for the construction of the reactor vessel, for the Harbin boiler works. The Chinese are believed to be planning the construction of three nuclear power stations, each comprising two 350-400 MW reactors. The winning of these contracts brings ESAB's business with China over the past eight months up to some \$kr 40m. In October last year, the company gained a contract worth \$kr 5m for a pilot chain welding plant. This was followed in January this year by a \$kr 20m order for the delivery of equipment and know-how for the modernisation and extension of the Shanghai 300k welding electrode factory. Other orders gained include \$kr 10m for the modernisation of petrochemical works and \$kr 1m worth of automatic equipment for welding stainless steel tubes.

BAe takes 27% share of A-320

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Aerospace's work on the wings for the proposed European Airbus A-320 150-seat airliner will amount to 27 per cent of the total effort of the venture. BAE's responsibility will be to design and build the airframe wings for the A-320, including all moving parts except the flaps (which will be made by MBB for installation by BAE). BAE will thus deliver "synthetic wings" to the final assembly line in Toulouse. A work-sharing analysis published by Airbus Industrie shows that the biggest share will go to Aerospatiale, of France. That company will be responsible for 38 per cent of the front fuselage, the flight deck, centre wing box and engine nacelles, while also undertaking final assembly at Toulouse.

BAE and MBB, as is evaluation of candidates for components for A310 manufacture, says Airbus Industrie. Airbus Industrie is also studying the possibility of developing another Airbus model, the A-311, a very long-range aircraft with four engines for the 1990s. Mr Hartmut Mehdorn, a senior vice-president of Airbus, said in Tokyo that the European group was interested in discussing the venture with Japanese companies, which might become risk-sharing partners in such a venture. Mr Mehdorn said in Tokyo that he hoped Japanese airlines would buy the forthcoming A-320 150-seater in the years ahead. The Japanese market for such an aircraft could amount to as much as 140 through the 1990s and early 1980s, but competition from the existing U.S. Boeing 737-300 and McDonnell Douglas MD-80 series of twin-engine jets is formidable. The major Japanese aerospace companies already have an agreement with Boeing of the U.S. to collaborate with that company should it decide to develop a new 150-seat jet of its own to compete directly with the A-320.

Exporters find a U.S. initiative less promising than anticipated Caribbean trade optimism wanes

BY CAROLINE JAMES IN KINGSTON

CARIBBEAN countries which have been planning an assault on the U.S. market are being forced to reassess their initially enthusiastic welcome for a trade facility offered by the Reagan Administration. The Caribbean Basin Initiative, which became effective in January, offers 20 countries in the region duty free access to the U.S. for an increased range of exports for the next 12 years. It is an economic arm of President Reagan's Central American and Caribbean policy.

Regional exporters, however, are now concluding that, rather than being a golden opportunity for rapid growth in exports to the U.S., providing significant support for wobbly Caribbean economies, the initiative is likely to be less valuable than they were first led to expect. It was hoped that the trade facility would halt the recent fall in the value of regional exports to the U.S., down from \$10.5bn (£7.2bn) in 1980 to \$8.5bn in 1982.

Caribbean exporters were saying six months ago that in the next three years the value of their exports to the U.S. would rise by 50 per cent to \$12.5bn. But now they are saying that the value of their exports to the U.S. will rise by only 10 per cent to \$11.5bn. The Caribbean Basin Initiative, which became effective in January, offers 20 countries in the region duty free access to the U.S. for an increased range of exports for the next 12 years. It is an economic arm of President Reagan's Central American and Caribbean policy.

Trade officials in Washington say this will increase the value of regional exports to the U.S. by \$2.5bn a year. If the duty free initiative stimulates a doubling of this the best that Caribbean exporters can expect is an increase in earnings of about 50 per cent. This is far less than the 100 per cent increase that was expected on the basis of arguments which the U.S. labour movement used to attack the initiative. U.S. unions said that the trade facility would flood the market with cheap Caribbean imports and damage industry and jobs.

Caribbean exporters to the U.S. have accounted for 10 per cent of the total value of U.S. imports from the Caribbean since the trade facility was introduced. The U.S. market is unlikely to be more than 1 per cent of total imports.

There is also concern in the region that a flood of investment which was anticipated may not materialise. Of the three original parties of the initiative, the U.S. Congress approved a \$500m package of payments only for some Caribbean countries, and the 12-year duty holiday. Congressmen, however, insisted at the third component - the creation of about 10 per cent of U.S. companies which invest in the region. Caribbean exporters are saying that the U.S. market is not as large as they were first led to expect. It was hoped that the trade facility would halt the recent fall in the value of regional exports to the U.S., down from \$10.5bn (£7.2bn) in 1980 to \$8.5bn in 1982.

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TECHNOLOGY

EDITED BY ALAN CANE

HUMAN GROWTH HORMONE HOLDS THE KEY TO GENETIC COMPANY'S FUTURE

Why Genentech wants to grow up

BY STEPHANIE YANCHINSKI

STUNTED CHILDREN hold the key to the rapid growth of one of biotechnology's foremost companies, and its success or failure could foreshadow the future for all these young firms.

Robert Swanson, chairman of Genentech, one of the oldest of the new generation of gene-splicing firms, recently revealed plans to become a fully-fledged pharmaceutical company. These largely depend on a clever marketing strategy, and his first product, human growth hormone, succeeded.

Three other major products are in the pipeline, but Genentech's growth promoter Protratin, which corrects dwarfism in children, will prove whether the company's US\$20m investment in a multiproduct manufacturing plant was justified.

If Genentech fails to turn itself into a product manufacturer, and thus earn the size of revenues it needs to launch its other products and remain independent, it could dim the prospect of other such research holding companies.

Genentech plans to sidestep fate by keeping its lead in technology and being first on the market

could shake investors' confidence at a particularly delicate time, when many need extra cash for product testing and development, drying up their lines of credit, and leaving them easy prey for the multinational takeovers.

Genentech plans to sidestep that fate by keeping its acknowledged lead in the technology, and so being first on the market with its advanced line of genetically engineered products.

Swanson says "To be marketed under the Genentech label a product must fill a unique therapeutic niche and be able to move quickly onto the market." This strategy allows Swanson to predict that within four years "our income

will be in the hundreds of millions of dollars."

The company was established in 1978 solely to exploit genetic engineering, and it managed to stay at the forefront of genetic engineering research, despite the determined challenge of 200 or so biotechnology companies which followed along in its wake.

In the early days it set about attracting the best scientists with a lively intellectual atmosphere not unlike the academic hothouses from which they had come, excellent facilities, and scheme. Today, Swanson admits he faces a problem keeping his scientists "excited" which can only get worse as Genentech prospers and grows. "Good

AN INNOVATIVE marketing strategy holds the other key to Genentech's survival against its heavyweight competitors. Swanson says "We don't plan to go up against entrenched products with a big advertising campaign." Rather, the idea is to keep marketing and promotional costs down by selling a range of products directly to the medical specialists highly tailored to their needs. Of the 440,000 doctors practising in the U.S., Genentech's customers will most likely be drawn from the 8,100 certified specialists in hormone disorders, heart, or cancer.

Swanson believes that these can be easily serviced by the company's own small sales force.

Small companies such as Genentech face other prob-

lems in reaching wider markets without stretching resources too thinly. Genentech chose to set up a variety of partnerships with big corporations, either to diversify into other products or compete internationally.

For example, EP Genentech, a collaboration with Hewlett Packard will develop instrumentation for use in biotechnology.

Travenol-Genentech is a joint venture finalised last December with Baxter Travenol, which will bring an extra \$20m into clinical diagnostics. There are joint agreements with European or Japanese companies to market Genentech's products outside the U.S. Genentech found it advantageous to let Eli Lilly, and Hoffmann-La Roche take over the marketing of human insulin, and

the gene's instructions for making a desired protein. When the organism reproduces, it passes on these instructions to its offspring, which also make the protein.

In this way bacteria and yeasts are turned into hard-working miniature factories for making large quantities of very scarce substances such as growth hormones or human insulin. Grown in vast vats and fed mainly on cheap feedstocks such as glucose, microorganisms can be very productive. If the conditions are right, they divide every 20 to 30 minutes, and work 24 hours a day.

However, turning bench top experiments into a pharmaceutical product whose quality can be guaranteed has bedevilled

certain interferons.

This cautious approach to expansion carefully husbanded Genentech's financial resources, which its recently published annual report shows are considerable. The company has \$43m cash in the bank and negotiated credit of \$25m. Genentech's earnings rose from \$32.6m in 1982, to \$47m in 1983, with net revenue doubling to \$1.1m.

However, over 90 per cent of its income still comes from product licensing agreements and research and development contracts. Although Genentech is assured \$100m in research contracts these depend on reaching certain "benchmarks." Meanwhile research and development costs continue to spiral from \$26m in 1982 to over \$36.5m a year later.

Genetically engineered bacteria proved finicky in their eating habits, and harder to grow than expected. At first they were prone to reverting back to the "wild" type of bacteria, and losing their valuable load of engineered genes. Then too, the protein also had to be biologically active, and able to do its job in the body. This activity generally resided in sugar molecules attached to the proteins, something many bacteria

cannot do.

After fermentation there remained the problem of removing minute amounts of very fragile protein from a vast quantity of porridgy broth pouring out of the fermenter, and in sufficient quantities to make the process economic. Purifying the product to a sufficient standard to satisfy the regulatory authorities posed special difficulties. The product might contain toxins released by the dying bacteria, or perhaps fragments of microbes which would cause an immune reaction if injected frequently into the human body.

Human growth hormone is a naturally occurring human protein produced by the pea-sized pituitary gland at the base of the brain. Its primary

use in treating the second group of short children could trigger off uncontrolled growth or gigantism. A more serious concern involves the misuse of human growth hormone for pushing normal children to grow taller, or for improving athletic performance and in body building. Genentech warns that "there is no evidence that one's ultimate height can be increased beyond one's genetic potential," and no published data on the safety or effectiveness of EGH for adding muscle and strength to athletes.

Genetically engineered bacteria proved finicky in their eating habits, and harder to grow than expected

Genentech has targeted seven other genetically engineered products for intensive development, all designed to fill gaps left by conventional drug therapy. The furthest along is tissue plasminogen activator, a blood clot dissolving agent which will be of great use in stopping heart attacks, and gamma interferon which works by enhancing the body's own defences against viral infections and even cancer. Monsanto holds the marketing rights to bovine growth hormone, which holds promise for treating disease among cattle during shipping. Shirley Liu Clayton, Genentech's treasurer, estimates that each of these priority products could sell over \$100m a year. "By 1996 we expect all these products out into the market," Swanson says.

Office automation
Wang links images and text

THE INTEGRATION of images and text in an office information system has been rare. Wang says that it has become the first major office automation company to achieve this with its new PIC personal computer, launched yesterday.

PIC has a desk-top scanner to digitise images from a sheet of paper. Pictures, handwritten notes, drawings as well as text can be handled.

The new computer is based on Wang's existing personal computer and is compatible with the company's VS, Alliance, Office Information System (OIS) and PC product lines.

The personal computer can be upgraded to the PIC. To do so it needs 512Kbytes of memory, an image monitor, new keyboard, 10Mbyte Winchester disk and relevant electronic circuitry.

Along with the hardware comes several computer programs to scan images and create them. Image processing can scan and organise documents in "paper" form. Documents can be edited, printed, deleted while images can be enlarged, showing in landscape, portrait or viewed positive or negative. Word processing, database and notebook software can all be run on the machine.

The PIC comes in three basic configurations. The 1005 is a multifunction workstation to be used with the Wang's OIS, Alliance and VS systems. It does not have a scanner but can share picture files created by another UIC. It costs \$10,525.

Going up market at \$13,000 is the PIC 100B. It is a complete system for image editing, review and digitising. At the top end costing \$23,000 is a system of two computers which can communicate.

Other announcements made yesterday included a new range of workstations for the VS and OIS systems. The 4200 series is lower priced than its predecessors. Visi software developed by Visi Corp can also be run on the Wang Personal Computer and Wang can now emulate an IBM terminal.

ELAINE WILLIAMS

Retailing
Pilot tests at point of sale

INTERNATIONAL COMPUTERS is to supply J. Sainsbury with computing and point-of-sale equipment worth in excess of £5m.

Part of the order is for a pilot point-of-sale scheme at a store in Wimbledon involving 22 check-out lanes with laser scanning.

The bulk of the order, however, is for networking mini-computers destined for several Sainsbury stores. The latest order brings the total of these ICL System 25 installations at Sainsbury's to 300. The company believes it is now in an excellent position to win complete laser scanning check-out business with the food chain and subsequently with other retailers.

But both IBM and Sweda are running similar trial installations and a decision from Sainsbury's is expected during this year.

The system 25 allows a number of tasks to be performed at the same time, ranging from price look-up to the production of management reports. The stores can exchange data with a headquarters computer. System 25 is also equipped for electronic funds transfer by which customer's bank accounts at some time in the future will be directly debited at the point of sale.

ICL has been developing the check out station, called Supermarket 20, for two years, with consultation with retailers. It uses a Japanese laser scanner so that the sales assistant simply passes the goods over a unit in the counter-top which can read a bar code (a series of ladder-like lines) on the wrapping. The computer can then look up the current price and produce purchase displays for the customer and a sales ticket.

Widespread use has been held back while food manufacturers progress the printing of bar codes on their products. Some 80 per cent of products are now coded and ICL expects the point of sale scanning market to increase rapidly.

IMI
for building products, heat exchange, drinks dispense, fluid power, special-purpose valves, general engineering, refined and wrought metals. IMI plc, Birmingham, England

Heat and Power
Government projects

THE GOVERNMENT is to fund three heat and power experiments in the UK. A total of £750,000 will be provided to part-fund the pilot projects.

Combined heat and power is used to provide district heating. It is achieved by slightly reducing the electricity output from a power station so that heat can be distributed to homes.

The Department of Energy is anxious to encourage the formation of local consortia in major towns to produce proposals for the schemes. Interested parties should submit their ideas to the Energy Efficiency Office by the end of July.

Grants for industrial heat and power schemes are already available from this body. Up to £10,000 can be obtained.

Software
Financial programs

S-COM Computer System Engineers of Aylesbury has won a contract for the development of communications software for the Stock Exchange which will run on the IBM personal computer.

This will allow brokers to have access, via an initial 450 terminals, to the computerised settlement of transactions in gilt edged securities, a project under joint development by the Stock Exchange and the Bank of England.

The software is being developed in collaboration with Software Forge. More information on 0296 32023.

A 90 second solution to a 500 year old problem

English Cheddar is one of the world's most popular and delicious cheeses - but it is also one of the most time-consuming and complicated to produce, traditionally involving a day-long process of preparation, fermentation, pressing and shaping before the finished cheese is ready to mature.

Alfa-Laval have changed all that - by a revolutionary process which cuts down the entire operation to just six

hours and turns out a full finished Cheddar every 90 seconds - ready to mature and every bit as good as the hand-made version.

How do we do it? By combining 500 years of traditional Somerset cheese-making experience with up-to-the-minute technology. The result is Alf-O-Matic: the first ever fully automatic, continuous Cheddar process, originated by Alfa-Laval and now ready for use throughout the world.

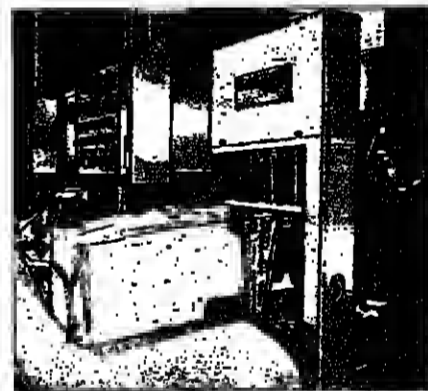
In a world where half the cheese of the "hard" variety produced and consumed is Cheddar, this is a very significant development.

But it is just one example of our innovative approach to business. We don't expect the world to come to us - instead we go out to the world with

new and often daring applications for our well-proven product lines. That way we can open up new markets that other companies only dream about.

And we do.

The Growing World of Alfa-Laval
Alfa-Laval employs 16,000 people in 35 countries and its annual turnover of US\$1,200 million (a 19% increase over 1982) represents 11 consecutive years of growth. 87% of this turnover was derived from sales outside Sweden. Today Alfa-Laval's products and processes are solving problems in 130 countries and in over 170 industries - from energy production, environmental control and food processing to resource recovery, agriculture and chemical engineering.



ALFA-LAVAL

Europe - Americas - Middle East - Africa - Asia - Australasia

VALINTOLLEN, LONDON

For a closer look at the world of Alfa-Laval, please write to:
Public Affairs Group Staff, Alfa-Laval AB, PO Box 500, S-147 00 Tumba, Sweden.

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In 1886, Gottlieb Daimler and Karl Benz invented the car as we know it today.

All the cars directly descended from their originals are still constructed to Gottlieb Daimler's own standard: 'The best-or nothing.'

The superb S-class is the ultimate expression of this philosophy. It is the most perfectly-balanced collection of automotive virtues that Mercedes-Benz can achieve.

98 years on the road. No wonder we're so far ahead.



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There are five S-class models. The 3.8 and 5 litre V8 models are also available with the distinctive Mercedes-Benz long wheelbase, giving rear seat passengers a luxurious 4 inches of extra legroom.

All five models stay so far ahead of other cars by undergoing a constant process of evolution.

Our engineers evaluate all the latest in high technology techniques, ideas and features.

They will not, however, incorporate anything which is merely a gimmick. For the S-class, it is the best-or nothing.

Every component is of equal quality. And each stage of the manufacture is scrutinised. There are over 6,000 quality controllers, perfectionists to a man.

Tough mechanical ordeals such as 20,000 consecutive turns of the key in the doorlock, make certain that every part is worthy of the whole.

And then the whole is as lovingly finished as only the most experienced human hands know how.

Finally, when everything is completely to our satisfaction, a senior inspector affixes a special seal, releasing the car to its new owner.

It bears the facsimile signature of Gottlieb Daimler. Whose dictum, 'the best-or nothing', has made the S-class what it is today.



Mercedes-Benz
Engineered like no other car in the world.

هكذا حدثنا

APPOINTMENTS

English China Clays post

Mr F. Hitchens has retired as finance director of ENGLISH CHINA CLAYS, but remains on the board as a non-executive director. Mr R. W. Cartoia-Fortier, who was appointed to the board as finance director designate in September 1983, has now been appointed finance director.

PHONE CENTRE NATIONAL has appointed Mr Philip Keeler as chief executive of its Front division. He was a director of a Surrey-based public relations consultancy.

Mr Roscoe Kells, head of branch banking at ULSTER

Mr Fred Perzins has been appointed vice president, international marketing, of I. P. Sharp Associates. He was previously head of European operations. In his new role he will divide his time between Toronto, I. P. Sharp's international headquarters, and its European headquarters in London.

J. H. MINNET AND CO has appointed Mr E. J. Carlier as managing director of its North American treaty division.

Mr Patrick Brozman has been appointed group finance director of ABBEY. He has been a main board director for the past five years. Mr Martin W. Hill has been appointed to the board. He is managing director of Abbey Homesteads (Developments) the UK housing company.

Following his retirement from C. E. HEATH, Mr F. R. D. Holland continues as a director in a non-executive capacity.

NEEPSEND has appointed Mr Peter W. Barker to the board as a non-executive director from May 1. He is chairman and chief executive of J. H. Fenner (Holdings).

Mr A. E. Howden has been appointed managing director of WEIR GROUP MANAGEMENT SYSTEMS and Mr T. W. Mill has been appointed sales director. Mr Howden has been former manager for four years. Mr Mill was management services manager.

Mr Antony Carr has been elected president for 1984/5 of

CONTRACTS

Racal wins £11m defence order

A contract, worth over £11m to supply the Royal Navy with M192 Airborne Electronic Support Measures (ESM), has been won by RACAL RADAR DEFENCE SYSTEMS. M192 will be fitted to the Lynx and Sea King anti-submarine warfare (ASW) helicopters. The system is designed to provide aircraft with way of locating, identifying and engaging vessels while remaining clear of their self-defence weapons envelope.

VENTRON TECHNOLOGY has awarded a contract to build a 50m speciality oil manufacturing facility at Old Kilpatrick on the Clyde, for J. O. Buchanan & Co. The contract covers all chemical engineering, design, construction management and project services for the plant. Work on pilot plants for the processing unit was completed by Ventron in June and the company has now been given the go ahead to complete the "front end design" of the main project. Site work will begin in six months.

GRATTE BARRETT & WRIGHT (GBW) has been awarded a contract approach from the firm, by Countryside Properties, for the design and installation of mechanical, electrical and plumbing services at Hook Rise, Surbiton. The office and production unit development has been let to Plessey Radar and its requirements have been incorporated.

The National Air Traffic Services are planning to replace 22 instrument landing systems at 12 UK airports. The authority found that no UK-designed equipment was available. A contract has been awarded to THOMSON-CSF of France, which has the equipment in production, for an initial five systems worth about £1.4m. At least 20 per cent of this figure will be for equipment produced in the UK by British companies. The contract also provides for the UK-produced items to be offered to future Thomson-CSF customers, not only for ILS but also for other navigational aids. Additional systems worth up to about £4.5m may be ordered if the initial five systems satisfy the authority's long-term reliability requirements. In this second phase the UK content will increase to over 30 per cent. The five sites selected for these trials will be Heathrow, Stansted, Dunsfold, the College of Telecommunications Engineering at Bletchley and the Telecommunications Engineering Establishment, Gatwick.

FLUIDISED COMBUSTION CONTRACTORS (FCCCL), a member of the Babcock Power group, has received orders worth more than £1m from British Sugar to supply coal fired hot gas generators for drying sugar beet pulp at two of its factories. One of the largest units of its type in the world will be installed at Bury St Edmunds to replace the existing oil-fired facility. Rated at 1.5m Btu/hour (42.5 Mw thermal), the fluidised bed furnace is designed to combust 1.5 Kg/sec (11,900 lb/hour) of sugar beet pulp at 1,200 Btu/hour (35.2 Mw thermal) of hot gas will be used to dry sugar beet pulp at the Newark factory which has a throughput of some 60,000 tonnes per season.

GODESELL (DEPOSITS) has appointed Mr D. B. Bullock as its managing director following the resignation of Mr J. N. G. Moreton. Mr P. K. Wright has been made financial director. At Godsell Holdings, Mr D. B. Bullock, Mr P. J. Edger, Mr C. G. Draper and Mr D. C. Hallums have become directors. Mr P. K. Wright is appointed secretary.



Mr Roscoe Kells, head of branch banking at ULSTER

International Standard Electric Corporation

6% Sinking Fund Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 15, 1967, under which the above described Debentures were issued, \$1,854,000 principal amount of the said Debentures of the following distinctive numbers has been drawn by lot for redemption on May 15, 1984 (the "sinking fund redemption date") through the operation of the Mandatory Sinking Fund provisions at 100% of the principal amount thereof (the "redemption price"), together with accrued interest to the redemption date:

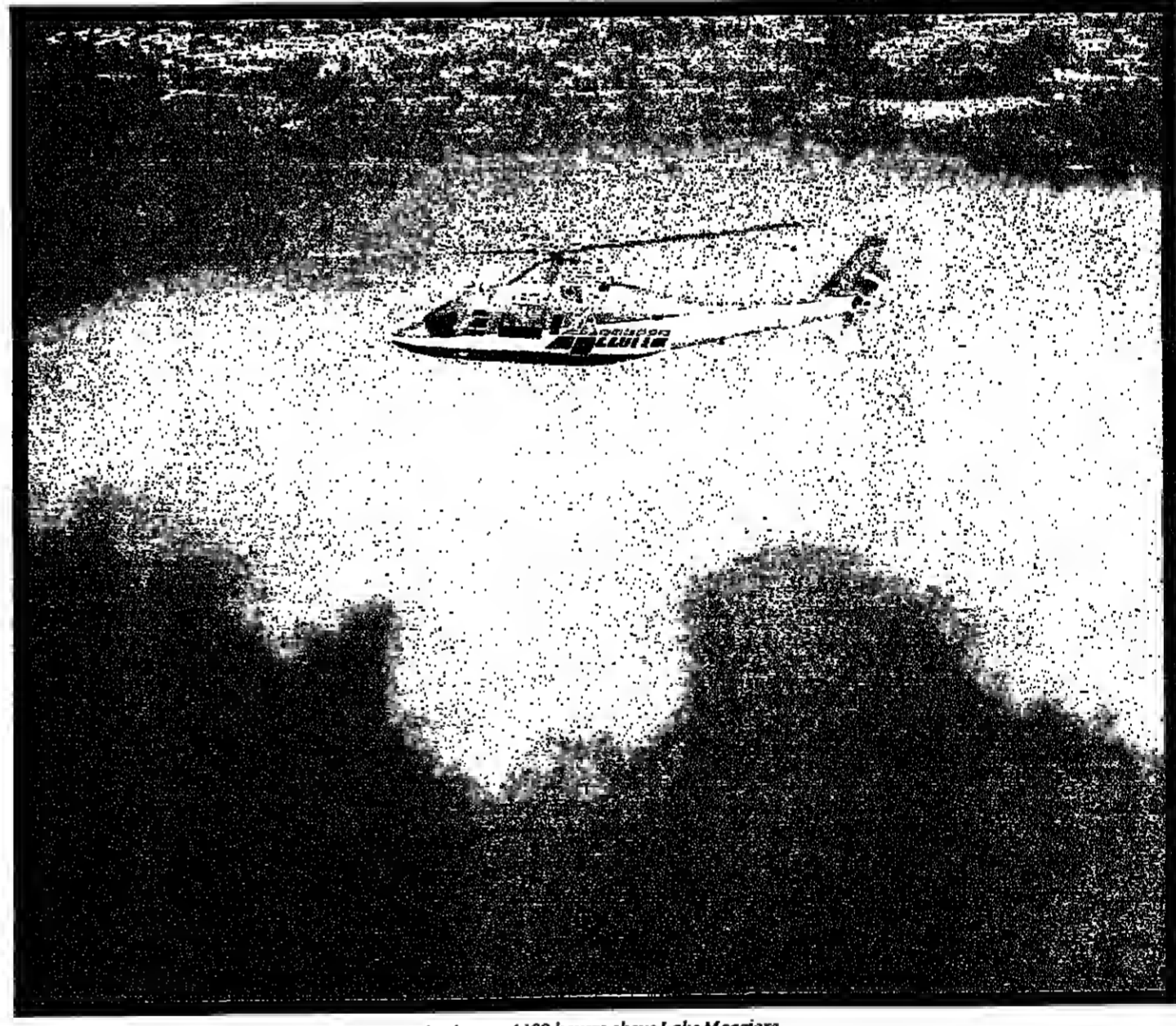
Table with columns for Debenture Number and Principal Amount. Includes sub-header '1,000 COUPON DEBENTURES BEARING THE PREFIX LETTER M'.

The Debentures specified above will become due and payable and, upon Presentation and Surrender Thereof (with all coupons appertaining thereto, maturing after May 15, 1984) will be paid on said redemption date at Brokers' Services Department, 5th Floor of Citibank, N.A., 111 Wall Street, New York, N.Y. 10043, at the offices of Citibank, N.A. in London (City Office) and Paris, or at the principal offices of Societe Generale de Banque S.A. in Brussels, Dresdner Bank Aktiengesellschaft in Frankfurt, Credito Italiano in Milan, Swiss Bank Corporation in Basle, and Swiss Credit Bank and Union Bank of Switzerland in Zurich, as the Company's Paying Agents. On and after said redemption date, interest on said Debentures will cease to accrue. Coupons due May 15, 1984 should be detached and presented for payment in the usual manner.

International Standard Electric Corporation By: CITIBANK, N.A. as Trustee

April 13, 1984

The bank with an overview of Italy's high-flying region



An Agusta A109 hovers above Lake Maggiore

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vita Group Results

YEAR ENDED 31 DECEMBER 1983

Table comparing 1983 and 1982 financial results for Vita Group. Includes metrics like Turnover, Operating profit, and Earnings per share.

Copies of the Report and Accounts can be obtained from the Company Secretary, BRITISH VITA PLC, MIDDLETON, MANCHESTER M24 2DG.

INTERNATIONAL LEADERS IN FOAM, FIBRE, FABRIC AND POLYMERIC PRODUCTS

ENERGY REVIEW

Maurice Samuelson looks at UK electricity policy.

Few sparks from private industry

IF BRITAIN'S miners' strike fades away before the country's lamp bulbs, the state-owned electricity authorities will deserve the gratitude of the Government.

It is ironic then that Mrs Thatcher's Government is encouraging the next steps in exposing the electricity industry to private competition by ending its statutory monopoly.

The 1983 Energy Act, which reached the Statute Book just before last summer's General Election, makes it legal for the first time since 1919 for private persons or companies to produce electricity as their primary business activity.

Compared with the controversial disposal of other state assets, such as telecommunications, American International, shares in British Petroleum, or parts of the gas industry, the Energy Act has produced hardly a ripple. With electricity demand at a low ebb, private industry has far better ways of spending its money than on new power stations, even if it could afford such mammoth projects with their notoriously long lead times.

The Energy Act has therefore tended to be regarded as merely a token gesture towards privatisation of the electricity industry and a pre-election sop to the Government's supporters. It has also been belittled as a sickly child of uncertain parentage—although born when Mr Nigel Lawson was Energy Secretary, the pleasure of nursing it belongs to his successor, Mr Peter Walker, who is distinctly cautious about privatising the power utilities.

Nevertheless, the Act is not a dead letter. Whitehall officials assert that it was never expected to have a major immediate impact and that it was simply enabling legislation, whose effects would become apparent over the years.

It has, however, had tangible results at a number of levels and is the subject of lively debate among interested parties about whether it does enough to encourage private power station operators.

Under its main provisions, Electricity Boards, when approached by a would-be private generator or supplier of electricity, must make three offers:

- to supply electricity to his premises;
- to purchase electricity from him;
- to permit him to use the public transmission lines.

Boards also have to publish



Mr Nigel Lawson (left) and his successor as Energy Secretary, Mr Peter Walker

the tariffs they would pay for electricity from private companies, as opposed to the tariffs they pay for their bulk supplies from the Central Electricity Generating Board and its Scottish counterpart.

There is also a charge for using the grid.

In what has been called the Act's "Dr Barnardo's clause," boards are also obliged to "adopt and support" schemes for the combined production of heat and electricity (CHP). In such schemes, the steam from turbines is used to heat buildings or other installations instead of being wasted, as in most publicly run power stations.

With nobody rushing to build a major private power station, the most spectacular outcome of the Act has been the plan by Taylor Woodrow, the civil engineering group, to operate redundant CEBG power stations more cheaply than their former owners.

The group is looking at smaller power stations, containing generating sets of up to 60 MW, which the CEBG has been discarding in favour of bigger stations such as Drax, in Yorkshire, each of whose units produces 600 MW.

Together with Balfour Beatty, which specialises in power station design and construction, it is considering the takeover of the coal-fired 225 MW plant at Carmarthen Bay, West Wales, and the slightly smaller plant at Plymouth (which would be converted back to coal from oil).

Both are in districts where electricity supplies are somewhat tightly stretched.

After an initial burst of euphoria, Taylor Woodrow now admits that the project is more complex than it first appeared. It says the cost of refurbishing the plants has

proved far higher than originally expected and it would therefore need a long-term contract based on the tariffs which Area Boards pay for bulk supplies from the CEBG.

With the feasibility studies due to be completed in the next two months, the company still does not know whether its interest will last beyond the summer. If either scheme succeeds, however, it will carry out further studies among a long list of other 60 MW generating units discarded by the CEBG.

Meanwhile, the Act is focusing more practical attention on CHP. This is already well established in Britain among heavy industrial companies, which sell surplus electricity into the national grid.

In 1982, 18 per cent of total electricity used by industry was produced in this way, accounting for 6.2 per cent of all the electricity generated in Britain. Three-quarters of the privately generated power was consumed in the generators' own premises, with the rest being sold to the supply industry.

In recent years, industrial CHP has been falling. This is partly a result of the contraction in manufacturing industry. But it is also due to successful energy conservation measures, which have reduced the demand for steam.

Without a market for the steam, however, there was little commercial attraction in selling power to the grid, since Electricity Boards paid only a nominal price for it—less than 1p per Kw compared with the average 3.5p per unit which heavy industry had to pay to buy power from the public system.

In the absence of the published "buy back" tariffs introduced by the new Act, negotiating a price with the

local authorities was something of a black art. The development of a CHP scheme generally depended on the goodwill of the local electricity board chairman, which tended to vary from area to area.

The new buy-back tariffs, first published last October, now work out at about 15 per cent below the bulk supply tariffs at which area boards purchase power from the CEBG. This increase, combined with the value of the private generator's home-made heat, makes CHP an increasingly attractive option.

Since the tariffs were published there has been no rush of CHP applications to area boards. Nevertheless, there are reported to be about 50 industrial companies considering CHP plants with outputs ranging from 1 MW to about 8 MW.

Generally, though, opinions differ sharply over the degree of commitment which the electricity industry is showing to the Energy Act. Associated Heat Services, a private contractor which operates clients' heating plants on 2,000 sites throughout the country, says it is reasonably satisfied both with the Act and the response of the electricity industry.

Mr Alan Tweedale, its managing director, says the buy-back tariffs are reasonable and properly reflect the costs involved for the purchaser.

His enthusiasm is not fully shared by Mr William Orchard, a consulting engineer, who has long claimed that Britain should heat whole cities by CHP, as is the practice in parts of Scandinavia and Continental Europe.

While generally welcoming the Energy Act, Mr Orchard, who is chairman of the Combined Heat and Power Association—complains that in addition to publishing buy-back tariffs, the boards should also have stated the commercial assumptions on which they are based, as the Act itself proposed. "Otherwise, we cannot see if they are fair or unfair."

The acid test sought by Mr Orchard is whether area boards will assist CHP schemes by seeking a market for the heat and investing in heat grids to distribute it.

The Electricity Council, for its part, says that it is the fault of consumers that there are not more CHP schemes.

The implication is that if there is no great rush to exploit the Energy Act, this shows that the electricity industry is so efficient that private generators fear to take it on. But these are early days.

THE ORGANISERS of last week's sixth annual conference of the International Association of Energy Economists showed considerable presence in choosing "European Gas" as a main theme of one of the most important energy conferences of the calendar.

For in the run up to the meeting, held at Churchill College, Cambridge, the question of whether the UK should buy £200m worth of gas from Norway's Sleipner field has become the most contentious energy issue in Europe.

The word "Sleipner" was hushed up and down the college corridors throughout the three-day assembly, as if the straits of Hormuz, the Gulf, Opec et al had never existed.

The occasion produced some heated discussions between the Norwegians and the British—and the Dutch, whose involvement in the issue stems from a UK Department of Energy move last February, when it instructed the British Gas Corporation to negotiate an alternative supply deal with the Netherlands. However, British Gas rejected the Dutch gas as too expensive.

Who should come bounding onto the rostrum on day-one of the conference but Dr Gees Van Ardenne, the Netherlands Vice Premier, with a speech extolling the virtues of Dutch gas. He described remarks that Dutch gas was overpriced as "astonishing."

After that hard sell, the appearance of Mr James Alcock, British Gas's director of petroleum purchasing, promised to generate fireworks. But the wily Mr Alcock used his position as chairman of the debates on West European Gas to say nothing at all. As he said at the time, "The best place to be during a war is in a bomb crater."

If there were a United States of Europe, the likely supply system would be a gas grid leading from Norway to the UK, with Britain itself linked to the Continent. If such a supply system were to develop, then a paper delivered at the conference by Mr Ove Sviden, the Volvo group's energy adviser, might appear less far fetched.

Mr Sviden's idea is that when all the gas in the European grid is depleted, the remaining superstructure of platforms dotted up and down the North Sea could be converted into

nuclear power stations, which would generate substitute natural gas or hydrogen.

No conference of the IAEE would be complete without debates on the future price of oil. The heavy-weight bout of the meeting was between Hermann Franzen, chief economist of the International Energy Agency and Professor Peter Odell of Rotterdam's Erasmus University. Professor Odell described Franzen's prognostications of a rising oil price as "a serious misunderstanding of oil demand... which would cause serious problems if followed by governments."

Professor Odell believes that the prices in 1990 (in 1984 dollars) of a barrel of oil and a cubic metre of gas seem highly likely to be significantly below those of April 1984.

However, Mr Timothy Nulty, chief economist of the U.S. House of Representatives Energy and Commerce Committee, argued that it was impossible to predict with any conviction either a future glut or a future shortage. What mattered, said Mr Nulty, was the cost of being wrong. He feared that the U.S. Administration would follow the policies of a Professor Odell, but could encounter the events predicted by Hermann Franzen.

As at the previous IAEE conference, participants were given a questionnaire by the British Institute of Energy Economists designed to tap the views of the world's top energy economists on the future of world energy.

There were only 46 responses to the 250 questionnaires handed out, which could be construed either as modesty or an overwhelming "don't know."

About two-thirds of the respondents believed that oil prices would not rise much above \$32 or below \$28 per barrel over the rest of the decade. Only two believed that the price would move outside the \$24-\$36 range over the next six years.

As regards gas, 65 per cent believed that by the end of the decade prices would have weakened against those for crude. However, the remainder believed the reverse—that the gas price would strengthen against that of oil by 1990. As the saying goes, when one or more economists are gathered together, there is an argument.

Dominic Lawson

Economists' Conference

Much gassing over Sleipner

Help restore the priceless gift of sight this Easter For just £10

This old man suffers from cataract of both eyes. It's aggravated by poverty and lack of hygiene. He is blind and totally dependent on others. But he need not be. The success of the simple operations needed to remove cataract depends on the availability of sterile medical packs. Packs that we urgently need your help to provide.

£10 is all it takes to provide packs for both his eyes. It's a small price to pay for the priceless gift of sight.

In India and Africa, co-funding schemes could double every £1 you give.

This Easter, when you're watching Spring arrive in Britain, think of those who can't see anything. Please give generously.

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I enclose my cheque/postal order for £.....

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Help the aged Easter Appeal

SCOTTISH FINANCIAL SERVICES

The above survey, due to appear in today's paper, will now be published on Thursday May 10



An all new, relaxing subdued cabin.



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New on the wine list: Champagne.

Here's SAS' New EuroClass.

EuroClass set a new standard in European business travel when it was introduced in late 1981.

Now we're introducing a new and more comfortable EuroClass: An all new cabin, new, more comfortable chairs and five abreast seating, offering the best legroom in Europe.

Champagne on the wine list.

New, spacious Business Service Lounges will open at Heathrow airport and Düsseldorf.

A 24 hour, round-the-clock booking service seven days a week. Call Copenhagen 1-14 7555.

Back home, we're launching a hovercraft connection between Copenhagen Airport and Malmo which will simplify travelling to southern Sweden.

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And you might be interested to hear that our service on board is part of the reason we were given the Airline of the Year Award.

There's only one thing we don't do. And that's add a surcharge. The fare is still normal Economy.

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هذه اصناف القليل

UK NEWS

Heathrow travellers may face head tax

By Michael Donn
Aviation Correspondent

THE Department of Transport is considering imposing a tax on domestic air travellers using Heathrow in an attempt to limit traffic at the London airport.

This spring, the department may issue a consultation document to airlines, the British Airports Authority and other interested parties seeking their views on how to cope with the increasing numbers of aircraft and passengers using the airport.

Traffic at Heathrow is close to saturation with nearly 27m passengers and 263,000 aircraft movements annually. When construction becomes operational in late 1985 airport capacity will be raised by 8m passengers and several thousand aircraft a year.

The Government has already said that when Terminal Four becomes operational it will impose a ceiling of 275,000 aircraft movements a year.

This maximum is likely to be reached if not exceeded this year, with some 277,000 to 287,000 movements; pushing the passenger total to 30m. Current airline planning, aircraft movements could reach 300,000 next year even before Terminal Four becomes available.

This would cause saturation not only of the runways but of the terminals, roads and other facilities.

The Airline Scheduling Committee, representing the airlines using Heathrow, has warned that something must be done—and soon—if there is not to be a crisis at Heathrow even before Terminal Four becomes available.

With a limit of 275,000 aircraft movements a year, the possibility of developing a fifth terminal is out of the question. The only way such a terminal could be accommodated would be breaching the limit.

One of the causes of the problem has been the increasing number of domestic passengers, caused by competition on internal services.

Many of these passengers are carried on small aircraft, seating 30 to 40. Each aircraft has the same requirements for air traffic control, landing and parking as a 350-seater jet.

Past efforts to persuade airlines to move to Gatwick and Stansted have not been successful. The only alternative now seems to be to consider punitive measures.

This would meet with opposition especially from the airlines and air transport users' bodies.

One possibility, which has been considered but may not appear in a consultation paper, is for a head tax on domestic passengers, to discourage them from using Heathrow if they are not connecting to international flights.

The head tax might take the form of a levy of a few pounds on each passenger. The airlines and the Airports Authority would be bound to disapprove.

Other possibilities include allocating landing, take-off and parking slots at Heathrow at busy periods.

BNOC reports pre-tax profits of £800,000

BY DOMINIC LAWSON

BRITISH National Oil Corporation's 1983 employees last year were each responsible on average for turnover of £81.8m on the basis of BNOC's annual results released yesterday.

The company announced pre-tax profits of £800,000 on turnover of more than £7.9bn.

It was the first full year in which the state oil purchaser and trader operated as a separate entity after the hive-off of its production arm in the form of Britoil.

There are no direct financial comparisons with 1982's report but BNOC pointed out that its average monthly turnover for 1983 was more than 4 per cent greater than the average for the last five months of 1982.

In the first quarter of 1983, the world crude oil and product markets in disarray, BNOC is believed to have run up losses of several millions of pounds on its crude oil trading.

The company said it recovered to make a gross profit of £2.6m compared with the £3.8m gross earned in the last five months of 1982. After the first quarter BNOC also operated more profitably than it did during 1982.

Last year, the corporation marketed 1.3m barrels of crude a day, a 10 per cent increase over the previous year. This represented 56 per cent of total UK North Sea production.

BP reinstates rig contract with British Shipbuilders

BRITISH PETROLEUM has reinstated its contract with British Shipbuilders for a semi-submersible drilling rig. It cancelled the order in February when work was a year behind schedule at the Scott Lithgow yard on the Lower Clyde. Mark Meredith writes.

The work will be completed for BP by the new private consortium of Trafalgar House, the shipping and property group, and Howard Doris, the Anglo-French construction company which took over Scott Lithgow from BS at the end of March.

BP said the new delivery date would be July 31. The original date for completion was February 1983.

The rig is 95 per cent complete and in the final stages of outfitting at Scott Lithgow.

After BP's cancellation, BS said it would complete the rig and sell it on the open market. BS contacts between BP and BS resumed after the successful takeover by Trafalgar House and Howard Doris and by the consortium's successful talks with Britoil over completion of another semi-submersible order which had also been cancelled.

BP would not reveal what financial compensation would be paid for the late delivery of the rig which will cost about £28m.

Cavalier Insurance assets may total £1.4m

By Eric Short

CAVALIER Insurance Company, which was put into liquidation on February 2, has liabilities estimated at around £1.6m and total possible assets just short of £1.4m. Mr James Pope, the Official Receiver, told creditors at their first meeting in London yesterday.

However, Mr Pope said that £500,000 of those assets depended on the outcome of litigation taken by him against certain persons connected with Cavalier.

There were about 116,000 creditors of the company, of whom 110,000 held extended warranty insurance contracts with liabilities up to £1.1m. A further 5,500 creditors held material damage policies with liabilities of £285,000.

Cavalier was not authorised by the Department of Trade and Industry to write extended warranty business, which is insurance covering the cost of replacing defective parts on household goods. However, it appears that it was used for this purpose by Mulli Guarantee—a marketing company, also in liquidation, which specialised in arranging this type of insurance for retailers.

Mr Pope said he was still waiting for a statement of affairs from the directors and he would be issuing his observations to creditors after he received the statement.

The Policyholders Protection Act 1975 was designed to protect the public from the financial consequences of insurance companies running into problems. However, a recent court case has cast doubt on whether it applies to unauthorised policies.

The Policyholders Protection Board, which administers the Act's provisions, is awaiting the outcome of another legal case. The board is dealing with 110 claims on personal property insurance.

Nationwide to raise rate for new mortgages to 10½%

BY OUR FINANCIAL STAFF

NATIONWIDE building society is to raise its mortgage rate for new borrowers by 1 percentage point to 10½ per cent on May 1. The society is also charging higher interest rates on loans of more than £40,000. The move has more to do with the intricacies of home loan changes than an upward trend in interest rates.

Nationwide, the UK's third largest building society, is one of the few societies that does not use a sliding scale of charges based on loan size. So borrowers have been able to obtain relatively large loans at the building society's advised rate of 10½ per cent.

The new higher rate of 10½ per cent will apply to all new loans up to £40,000, after which loans will cost an extra 1 percentage point. Most large building societies start charging extra at about £25,000 on a scale that can add 1 percentage point for every £10,000.

Nationwide claimed last night that on average the society's rate would still be below that of most other societies. The

Zimbabwe may invite Trelford to return

Financial Times Reporter

THE Zimbabwe Government is considering inviting Mr Donald Trelford, editor of The Observer, to return to the country to substantiate allegations of army brutality.

Plans to issue invitations to The Observer editor and journalists from other newspapers were being considered yesterday after controversy over an article by Mr Trelford in Sunday's issue of the newspaper.

The article accused the Fifth Brigade of the Zimbabwe Army of being responsible for widespread killings and beatings in Mashonaland. Following its publication Mr Roland "Tinv" Rowland, chairman of Lonrho which owns The Observer, disassociated himself from the article. Lonrho has in addition extensive interests in Africa.

Mr Rowland said in a letter in Mr Robert Mugabe, Prime Minister of Zimbabwe, that Mr Trelford's article had been "discourteous, disingenuous and wrong."

If the allegations had been produced by one of Mr Rowland's reporters, said Mr Rowland, they would have been "based on fact."

Mr Trelford said yesterday that he stood by every word of his report. "The story was solidly based on the evidence of victims whom I interviewed myself and who signed sworn statements in my presence."

Small business encouragement urged

INDUSTRIAL POLICY should aim at encouraging small and innovative business, allowing heavy industry and large-scale manufacturing to move to developing countries, according to a report published today by the British Shipbuilders Institute, writes John Lloyd.

The institute, a free-market

"think-tank" says the global movement of heavy industry from the developed to the developing world is the "source of the major industrial dislocation" which the UK and its neighbours are facing. Attempts to counteract the trend are doomed to fail in the long term.

The report says a more effective industrial policy would seek to create conditions for innovation by deregulation and the removal of entry barriers.

Industry Policy: Adam Smith Institute, PO Box 316, London, SW1P 3DJ.

Insuring older houses

BY ERIC SHORT

YORKSHIRE Building Society has linked with the General Accident Group to offer its borrowers a new structural defects insurance contract.

The policy will protect buyers of older houses not covered by the National House-Building Council 10-year guarantee against big structural defects that occur during a three-year period after buying the house.

Normally policies exclude damage arising from structural defects, though this tends to be a grey area in claims settle-

ments. Under the scheme, the borrower has to pay for an additional surveyor's assessment report, completed by the building society's surveyor at the time of his mortgage valuation. The cost of the report is £30.

If the report indicates no problems, then for a one-off payment of £70 the borrower can insure against defects during the three-year period. The premium can be included in the mortgage advance, so the cost is about 30p in addition to the monthly repayment.

Dockyard scheme's first stage unveiled

ENGLISH ESTATES, the Government sponsored development agency, yesterday gave details of the first part of its £400m development plan for the Chatham dockyard, Kent.

The £2m initial plan envisages a mixture of workshop units and office suites.

Public sector borrowing dips below £10bn target for year

BY PHILIP STEPHENS

BRITAIN'S public borrowing totalled £9.75bn in the financial year to March, just below the Government's latest forecast of £10bn but slightly above most City of London expectations.

The Central Statistical Office (CSO) said yesterday that the public sector borrowing requirement (PSBR) was £2bn in March, up from £230m the previous month, according to provisional data. The outturn caused some disappointment on financial markets, which had been expecting a figure for the whole year of below £9.5bn.

Borrowing was artificially inflated, however, by the failure of Britain's European Community partners to release a £500m rebate before the end of the financial year. Assuming the Community reaches agreement on reform of its finances this money will now count against this year's borrowing requirement.

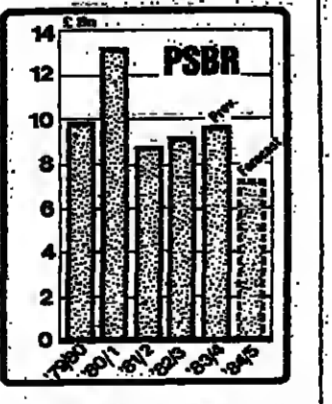
Although below the latest target, the 1983-84 PSBR was significantly higher than the £8bn ceiling set originally in the 1983 budget. The overshoot is largely explained by a pre-election Government spending spree at the beginning of the financial year. This prompted a clampdown by Mr Nigel Lawson, the Chancellor of the Exchequer, last summer.

The Government has set a target of £7.25bn for the 1984-85 borrowing, but most outside economists believe that the nominal £2.5bn reduction from last year exaggerates the tightening of public finances.

First, the new target is based on a different accounting practice (increases in public sector bank deposits and other liquid assets will now be deducted from the PSBR) which if applied last year would have reduced the outturn to £9.4bn.

Secondly, that figure would have been reduced to £9.9bn had the Government received its EEC rebate on time.

Some analysts argue that, even then, the apparent reduction between the two financial years is overstated because this year's revenues will be boosted by an extra £1bn in asset sales and the speeding up of £1.2bn in value added-tax payments.



GEC to cut 720 turbine jobs

BY IAN RODGER

GEC GAS Turbines is closing its Whetstone, Leicestershire factory and making 720 of its 1,000 employees redundant because of a long slump in orders.

Production at Whetstone will run down gradually over the next 18 months and new orders will go to the factory of GEC Gas Turbines' sister company, Ruston Gas Turbines, at Lincoln.

"We are giving long-range warning that we are closing the works in the hope that it will help people with their plans," Mr John Branscombe, director and general manager, said.

Mr Branscombe said the project management and engineering departments for large turbines would be retained at Whetstone, and he hoped that would provide continuing employment for the 280 left when the factory closes.

A rationalisation along these lines has been expected since last spring when the General Electric Company's two gas turbine manufacturing subsidiaries were put into a joint company under the direction of Mr Kelvin Spay, their managing director at Ruston.

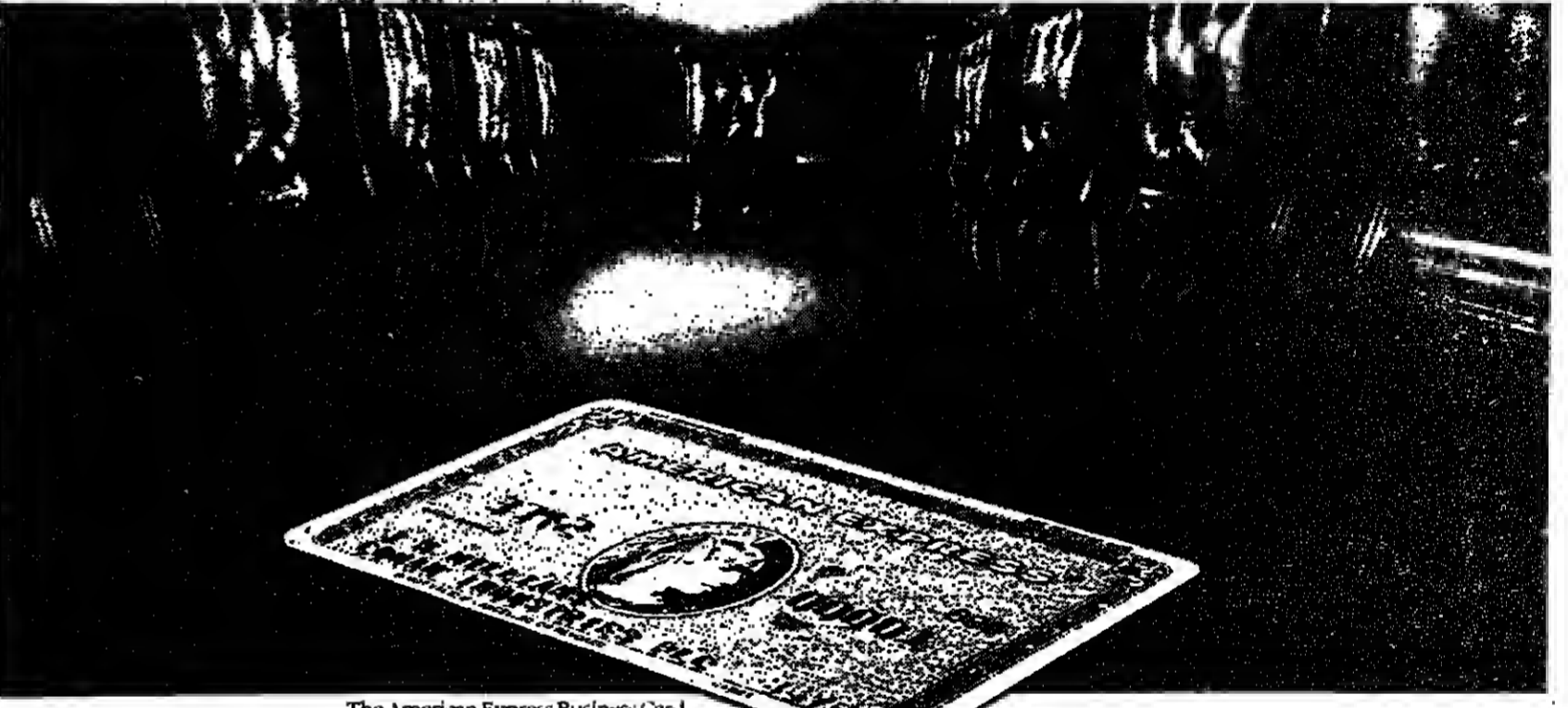
Much of this money was raised in Northern Ireland, and some in the Isle of Man. The bank also advertised extensively in financial publications aimed at expatriates, so its deposits base may have been quite widely spread geographically.

Until last year, Kingsnorth (traded with an Isle of Man banking licence), but the management appears to have grown increasingly concerned at the progressive tightening of banking supervision on the island.

The Manx Government has imposed more formal controls on balance sheet structures and on loans to companies connected to directors of banks.

Before leaving the Isle of Man early last September the bank filed a final return relating to its financial condition at the end of July. It also made a formal declaration of its solvency at that time.

Since then Kingsnorth International has been operating outside the jurisdiction either of the Manx authorities or the Bank of England.



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UK NEWS

BBC seeks to develop advanced radio sets

By Raymond Snoddy THE BBC is involved in the production of a "people's radio set" incorporating advanced technology.

Theakston chief wins board battle

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE BOARDROOM battle for control of Yorkshire brewer J. & R. Theakston has been won by Mr Paul Theakston, the chairman.

In the High Court yesterday he defeated an attempt by Mr Michael Theakston, his cousin and codirector, to block his acquisition of 46 per cent of the company owned by London Trust.

Mr Justice Harman ruled that Mr Paul Theakston's acquisition did not involve a breach of Theakston's articles of association. As a result of the ruling, he now controls just under 60 per cent of the company.

ESTATE AGENTS are not entitled to their commission if they sell a house for less than the owner's asking price without first agreeing the price cut with the owner, the Court of Appeal ruled yesterday.

In a case affecting estate agents throughout the country, two judges held that an Essex couple need not pay their commission if the house they sold four years ago, Gramans, of Highams Park, Chingford, the agent, had agreed — on a printed form setting their terms and conditions — to advertise the couple's house for £34,500.

Mr Paul Theakston was to try to have the shares registered in his name. He agreed to accept an offer for them by Matthew Brown if one were made, and not to accept any offer from anyone else, except as directed by Matthew Brown.

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Glaxo to build £11m Middlesex research lab

GLAXO, Britain's largest pharmaceutical company, intends to spend about £11m on a research laboratory in Greenford, Middlesex.

The plan comes after warnings by international drug companies that their UK investment plans may be scaled down following the Government's decision to curb their profitability and promotional expenditure.

£15m high technology investment for Scotland unveiled

HIGH TECHNOLOGY investment for Scotland which is expected to create at least 350 jobs over the next five years was unveiled in London yesterday.

Mr George Younger, Secretary for Scotland, announced that £15m is being raised to fund Integrated Power Semiconductors which is being established at Livingston near Edinburgh by a team of Californian executives.

ICL sells stake in U.S. computer companies

By Guy de Jonquieres ICL, the largest British computer manufacturer, has sold its holdings in two small American computer peripherals companies to Control Data (CDC).

Lord Sieff stresses scope for 'quality and value'

By Lisa Wood THERE IS much greater scope for the redevelopment of good quality and value products in Britain than many people believed, Lord Sieff, chairman of Marks and Spencer, said yesterday.

BA to resume scheduled flights to Iran

By Michael Doree BRITISH AIRWAYS is to resume scheduled flights to Iran on June 8 after a four-year gap. The airline suspended operations after the Iranian revolution.

Glasgow survey shows sustained company gains

By Mark Meredith, Scottish Correspondent IMPROVEMENTS in the performance of the west of Scotland have been reported in the latest quarterly survey of the Glasgow Chamber of Commerce.

BBC wins eight awards

THE BBC won eight of the 11 awards at the Television and Radio Industries Club awards yesterday.

A STATEMENT BY THE CHAIRMAN OF Refuge Assurance



Mr. P.W.D. Smith

throughout the country. Each member of the staff was also presented with a limited edition Wedgwood Plate.

Chief Office Building

In my report for the year 1979 I advised you that agreement in principle had been reached for the sale of the building, and that we had initiated enquiries to establish what buildings or sites might be available for a new location for our Chief Office within the Manchester area.

Marketing

As foreshadowed in my statement last year, the finals of the first Refuge Assurance National Championships, a tennis tournament open to British tennis players, were held in October.

Board of Directors

It is with extreme sadness that I have to record the death earlier this month after a long illness of Mr. Richard H. Pearce, a Non-Executive Director.

125th Anniversary of the Company

In my statement a year ago I mentioned that the Company would be celebrating its 125th Anniversary in 1983.

to be presented to the Annual General Meeting to be held 10th May 1984

the same time providing a competitive price for the client. I am confident that this, in addition to the Company's own long standing house purchase scheme, will safeguard a significant source of policy sales.

Administration and Organisation

The changes in managing levels to which I have referred in previous years produced major reorganisation at the Company's District Offices. Much effort was expended by all levels of staff throughout the Company, and the level of new business achieved despite considerable disruption is a measure of the high degree of co-operation which existed.

Investments

1983 was a favourable year for equity investment. In the UK industrial profit at last began to recover, following the painful years of rationalisation, and overall there was a substantial rise in companies' earnings.

Life Branches and Unit-Linked Subsidiary

Despite the reorganisation which was carried out progressively during 1983, total life premium income increased by significantly more than the rate of inflation.

Group Profit and Loss Account

The total profits for the year including share option income, amounted to £3,121,000, an increase of £964,000 over the previous year.

Conclusion

Against the background of intense activity within the Company, Management has again been heavily involved in considering the ramifications of outside developments affecting the insurance industry.

Fire and Accident Branch

Total net premiums showed a marginal increase over 1982. Motor premiums were down by 17%, but Property premiums were up by 10%.

Life Branches and Unit-Linked Subsidiary

The total underwriting loss is £740,000 against £1,517,000 last year. This improvement is attributable to our withdrawal from Motor Insurance in Northern Ireland and to our curtailment of Motor Cycle Insurance.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

WE THE LIMBLESS LOOK TO YOU FOR HELP

Advertisement for BLESMA (British Limbless Association) seeking donations and help for limbless people.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

CIGARETTES, box files, vending machines, spectacles and industrial pumps—unrelated rag-bag of businesses or elements of a grand corporate strategy?

These are just some of the interests belonging to Gallaher, the UK's second largest tobacco group with a 33 per cent market share, best known for its Benson and Hedges and Silk Cut cigarettes. Gallaher, like most major tobacco companies, has been busy diversifying away from its core business in recent years, though with slightly more success than its competitors.

Now the group is well on the way to adding another leg to its portfolio with its agreed cash offer for Prestige, the British maker and distributor of housewares. This is intended to form the core of a new Gallaher division.

"All of Gallaher's products are sold at premium prices. In that sense, Prestige is just like us. You might say it is the Benson and Hedges of housewares," explains Philip Grierson, the Gallaher director in charge of diversification.

The deal, which values Prestige at £49.1m, is the biggest non-tobacco acquisition in Gallaher's history and raises important questions about the assumptions behind the willingness of tobacco majors to move into apparently unrelated areas.

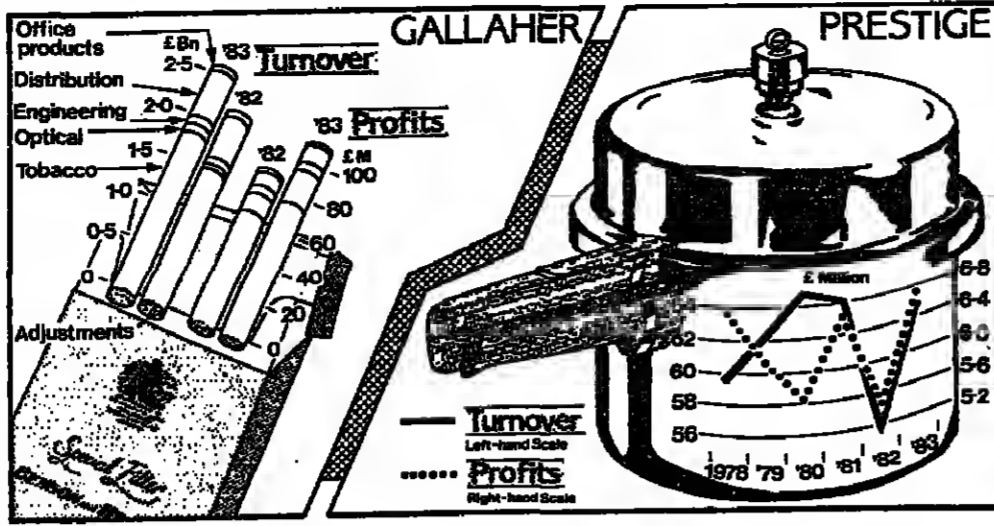
Gallaher's own non-tobacco businesses have risen steadily, mainly through acquisitions, from 23 per cent of group profits five years ago to 33 per cent of its £110.4m trading profits in the year to last December.

That trend closely reflects the strategy of its U.S. owner, American Brands, the fourth largest U.S. cigarette maker and one of the world's most diversified tobacco companies. It has interests in life insurance, distilling, a private detective agency and lock-making, among others, and has earmarked \$26bn for non-tobacco acquisitions over the next three years.

It also reflects Gallaher's need to reduce its dependence on the UK tobacco market, which has declined from 137.4bn cigarettes consumed in 1973 to an estimated 101bn last year. That is not to say, however, that tobacco is not highly profitable for Gallaher.

In its last financial year, the group's trading profits from tobacco rose by 13 per cent to £74.2m on the back of a substantial increase in market share, and this year Gallaher is planning to spend a record £30m or more on modernising its cigarette-making machines.

Future growth in tobacco earnings, however, is likely to



Gallaher filters its product mix

William Dawkins on the UK tobacco group's diversification policy

Beyond that, Gallaher sets several rather more specific targets for its acquisitions; they must be capable of an annual 5 per cent real growth in profits, generate at least a 20 per cent return on capital employed and must be among the top two companies in their sectors in terms of market share.

As one of the biggest housewares groups outside the U.S., Prestige seems to fit the bill nicely in terms of market prominence, yet its past performance shows that it will have to try hard to meet some of Gallaher's other criteria.

Industry estimates indicate that Prestige has been losing market share steadily in the past five years, although it is still a UK market leader in pressure cookers, stainless steel cookware and kitchen tools. Until recently, its management had failed to back the development of new products which Prestige needed to hold back a rising tide of cheap and innovative kitchenware from the Far East and Continental Europe.

However, the past year has seen the emergence of an aggressive new management at Prestige. It may narrowly failed to buy the company from its U.S. parent, American Home Products, following AHP's announcement last October that it was putting up for sale its

housewares division, including Prestige and Ekco in the U.S., because it did not believe it would meet growth targets.

Even assuming that Prestige's new management can go on repeating last year's profits improvement, Gallaher's £49.1m bid, standing at a 90 per cent premium over Prestige's £25.5m net assets, represents a hefty payment for goodwill. Stuart Cameron, Gallaher's chairman, admits that the price is high for what has been a relatively static business. But he adds: "We like the management and we feel that the company is equipped with the right position in the market with the right brand names."

Indeed, Gallaher has been prepared several times in the past to pay a high price for a well known name "wherever we see there is a strategic imperative," says Grierson.

Gallaher's inclination to go for well-established brand names like Oxfam, and Dolland and Aitchison in optics, is rooted in its experience in tobacco where its survival has depended above all on its ability to market a name. The assumption behind its spread into new areas is that the same marketing skills can be successfully applied to non-tobacco businesses. That does not mean that

packets of Silk Cut will from now on carry advertisements for pressure cookers, but it does mean that Prestige will have access to the considerable resources of Gallaher's marketing department.

"We want them to be an independent and proud team—but not so proud that they don't seek support and advice occasionally," says Grierson.

The real weight of Gallaher's support is likely to be in funding acquisitions. "We want Prestige to become a significant part of the Gallaher group," says Grierson.

Dolland and Aitchison, the core of the opticals division, which it acquired in 1970, has funded all its acquisitions from its own cash flow. But Gallaher helped its Oxfam equipment arm to buy the Eastlight box file maker last year for £4m and may offer the same facility for Prestige's future acquisitions.

In the past three years Gallaher and its subsidiaries have spent £20m on buying non-tobacco companies.

Beyond marketing and financial support and the requirement to report annually to the board, the Gallaher management will be on their own—an arrangement in line with the "arm's length" way in which Gallaher runs its other subsidiaries and is itself managed by American Brands.

Semiconductors

How Dave Wood lobbied for a £15m start-up

BY TIM DICKSON

NEXT TIME you find yourself in an American hotel lobby, watch out for Dave Wood. The 40-year-old Californian makes a habit of button-holing British venture capitalists, introducing himself politely, and then persuading them to part with significant sums of money for his new enterprise.

Wood's boldness paid off yesterday when the Scottish venture capitalist and government grants has been put together to back Integrated Power Semiconductors (IPS), a high technology company being started by a team of American executives and based at Livingston, near Edinburgh. ("The brain drain in reverse," as a PR man put it optimistically.)

If all goes well, the substantial investment will bring at least 350 jobs to Scotland over the next five years and add to that country's reputation—already reflected in the terms of the deal—for attracting more than its share of high tech industries (IPS aims to capture a significant slice of the worldwide market for specialised power control integrated circuits, a sector of the market which it feels is neglected at present).

Major start-ups, however, do not happen overnight and IPS would probably not be on the launch pad today without the determination of Wood and the role played by 3i Ventures, the venture capital arm of the Investors in Industry Group and leader of a major syndicate of private UK institutional investors in the company.

Wood's familiarity with hotel lobbies began over a year ago when he announced himself out of the blue to Peter English, an executive of 3i Ventures who was on a business trip in California at the time. He outlined his plans, found a receptive listener prepared to take them back to the UK, and a relationship developed which finally bore fruit in yesterday's announcement.

Wood, however, arguably displayed even greater "nec" later in the year when he suddenly decided that the only way ahead

was to meet the top men from the Scottish Development Agency (SDA), the Government-backed industrial development agency, which he had hitherto been lobbying with unsatisfactory results. He telephoned five SDA offices around the world in an effort to get Dr George Matheson's itinerary—now frequently climbed aboard the next plane when he had tracked him down to Houston, and intercepted him as he was leaving the hotel for another business meeting.

"I sat in the lobby listening to a bunch of fellows with Scottish accents," recalls Wood, "and decided that one of them must be Dr George Matheson. He agreed to see me and introduced me to all the right people."

Determination

Wood's own investment in money and time—£400,000 from his own pocket, and the 18 months since he left his last employer, Silicon General—represent the sort of personal commitment which makes venture capitalists feel happy and secure. This company, he says, could have been started from a European base to attack the European market and (more importantly) wished to avoid the current "revolving door" labour market in California, where bright people move on as quickly as they are recruited.

But while his personal determination has been an important factor, the deal would not have proceeded without 3i Ventures' ultimately successful efforts to put together a syndicate of venture capital investors. Venture capitalists are often reluctant to back mere ideas let alone ones on this scale, so the sums involved in IPS could only have been raised by spreading the risk.

Explains Peter English who together with his 3i colleague Bernard Fairman, spent "the equivalent of an entire year" on the project: "Dave Wood went to California last August to recruit his management team and came back to see us in October. At that point we

agreed that we would lead the syndicate and immediately started putting together what we called a "Due diligence document". We tried to answer all the questions which an institutional investor might have asked, wrote them down on paper, and made a presentation to about 10 other potential institutional backers last November. They all went off to study the document, we got our first reply before Christmas, and closed the deal at the end of January."

English stresses that 3i Ventures also significantly reshaped the financial assumptions of Wood's original business plan, a point which the new IPS managing director readily concedes. "Originally I wanted £10m and was not planning to break even until year six," explains English. "We reduced this to £4.1m initially with an agreed second tranche 18 months down the line. We also changed the early product mix so that if all goes well break-even should come in year three."

Some institutions were apparently turned away but the final line-up for the initial tranche of £4.1m reads: 3i Ventures—£1.5m; Newmarket (Venture Capital), the publicly quoted concern which has close links with stockbrokers Cazenove, £1m; Scottish Development Agency £700,000; the APA Venture Capital Fund £300,000; and CEN Industrial Investments (owned by the NCB pension fund) £300,000.

3i Ventures, which now has 28 companies in its portfolio of which only one has been written off and which include the well publicised successes, Rodime and LSI Logic, stresses the importance to venture capitalists of backing the right teams.

Wood and his three colleagues are all semiconductor professionals, from various leading Californian integrated circuit suppliers—but besides their technical qualifications, Wood has been anxious to find out if they would adapt well to living in Scotland. 3i is impressed, for example, that the team's wives have all visited the Livingston area to inspect their new homes.

If you feel there isn't anything you don't know about the DEC and DEC Compatible market we suggest you turn the page.

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The 1984 'DEC User' Show, May 15, 16 (10am-6pm) & May 17 (10am-4.30pm). Cunard International Hotel, London W6 8DR.

INVESTING IN LEISURE

It is proposed to publish a survey on the above subject on Tuesday, 24th July, 1984.

For further details and advertising rates, please contact:

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THE ARTS

Rock concerts in Berlin

Antony Thorncroft

West Berlin is a vulnerable place, vulnerable politically...

This makes it artistically one of the most exciting places in Germany...

Even so the opera house gets around £15m a year...

Indeed it is the very reasonableness of it all which distinguishes the arts in Berlin...

It is the same in music. Berlin will help rock bands with studios, instruments, etc...

Book Review/Antony Thorncroft

Crisis in the Club

The Culture Club: Crisis in the Arts by Bryan Appleyard...

Whatever shortcomings there may be in Bryan Appleyard's mordant look at the arts industry...

It is not because, as far as can be made out, Appleyard is not impressed by the Arts Council...

It is fun to watch him snare the big names into ridiculous definitions of the function of art...

arts has worked, and the city is a magnet for West German artists...

In popular music Berlin was innovative with "industrial" rock...

This month the variety was displayed on successive nights when I saw Paul Weller's Sylex Council...

By coincidence Paul Weller started his act with Tracy and the Soul Spot...

But television's preoccupation has been with the social side of life: housing, health, education and the like...

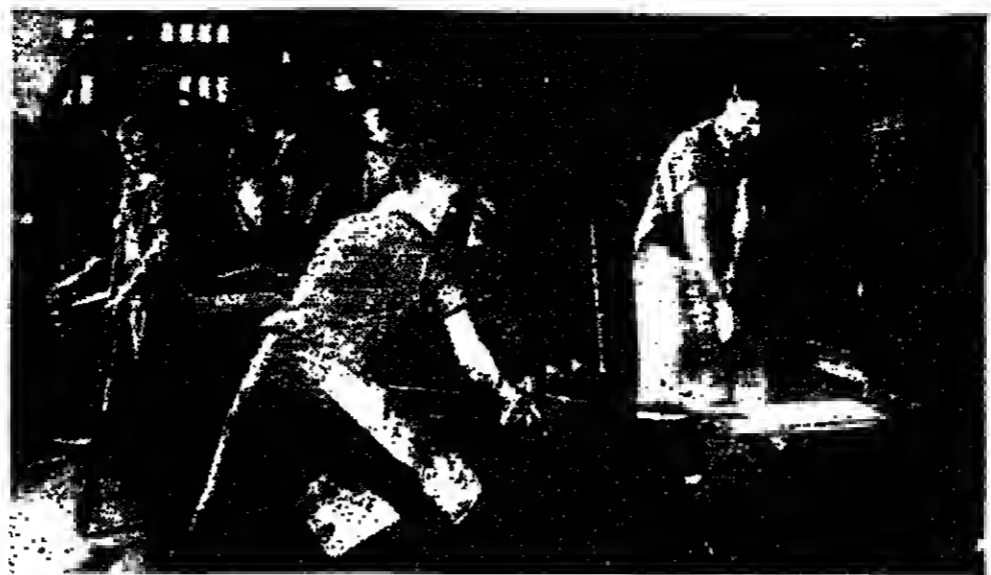
For Appleyard the arts are suffering a decline, although he seems keen on modernism...

JVC to sponsor jazz festivals

JVC (Victor Company of Japan) is to sponsor four major international jazz festivals...

Television/Christopher Dunkley

The love and logic of work



Rolling steel sheets by hand in Ebbw Vale, 1922

We are lucky enough in Britain to have genuinely entertaining series on television...

Called All Our Working Lives it consists of 11 one-hour programmes devoted to "The Shipbuilders", "Cotton People", "Plumbers", and so on...

Those occupations which have involved the overwhelming majority of the workforce...

But television's preoccupation has been with the social side of life: housing, health, education and the like...

There is a sharp poignancy in the vivid realisation that habits and attitudes and conditions which one had considered a long dead part of Dickensian history...

Structurally the series resembles 'The World At War' archive film and occasional still pictures...

With their guest conductor Zdenek Macal, the Halle Orchestra visited on Monday with Bruckner's Fourth Symphony, the 'Romantic'...

origins of the industrial revolution since evidence within the series often suggests that some of Britain's difficulties resulted from having been there first...

My own feeling is that work the central element in the majority of lives, has been treated with extraordinary casualness by television...

There is an extraordinary power in the simple business of watching an old black and white documentary film with a young man or woman working away...

There is a sharp poignancy in the vivid realisation that habits and attitudes and conditions which one had considered a long dead part of Dickensian history...

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With their guest conductor Zdenek Macal, the Halle Orchestra visited on Monday with Bruckner's Fourth Symphony, the 'Romantic'...

car-makers' programme, 'The Track', describing with seemingly perfect recall how she was laid off at moment's notice...

Not that the memories are all bad. One of the best programmes in the series is the one about steel production called 'The Inheritance'...

There is an extraordinary power in the simple business of watching an old black and white documentary film with a young man or woman working away...

There is a sharp poignancy in the vivid realisation that habits and attitudes and conditions which one had considered a long dead part of Dickensian history...

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by the series as a whole is the speed at which such matters have improved since the war (it seems scarcely credible that textile workers so recently had to take their own lunch into the factory and sit on the oily floor by their machines to eat)...

It is also clear that the Germans and the Japanese are still a generation ahead in the business of breaking down social barriers at work...

For anyone whose particular interest is the television industry the launch of this series at this time is especially ironic...

Quite early on in Jacqui Shapiro's long (11 hours) one-act I asked myself why I liked her four perfectly likable characters...

As a writer, Ms Shapiro seems to have left the shadow of Sarah Daniels for the benign influence of Patsy Simons...

Ms Shapiro has previously shown interesting ideas of character development. Here her rather joyless sexually exploratory quartet are well-defined...

Volpone/The Pit

B. A. Young

The salty humours of Jonson's matchless comedy last happened throughout the four hours of this recent production...

Bill Alexander's direction suggests every possible laugh from the script often by creating what seems to be a casual remark as a basis for action...

In the end perhaps the greatest strength of All Our Working Lives is that without preaching or brow beating it makes the viewer think about such matters as the deep conservatism in British industry...

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Claus Peymann and the Schauspielhaus Bochum are generally reckoned as second in German theatre only to Peter Stein...

got our breath back and cross the room to leave by another. Miles Anderson is a first-class Mosca, clearly deceitful to see and to hear, yet able to fool everyone with his quick wit...

The production is played on a plain set by Alison Chitty with Volpone's bed amidships, becoming other things as circumstances develop...



Richard Griffiths

Dead Romantic/Soho Poly

Martin Hoyle

Quite early on in Jacqui Shapiro's long (11 hours) one-act I asked myself why I liked her four perfectly likable characters...

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Halle Orchestra/Barbican Hall

David Murray

With their guest conductor Zdenek Macal, the Halle Orchestra visited on Monday with Bruckner's Fourth Symphony, the 'Romantic'...

with the Symphony, not at all indulgent but not insensitive either (though he found the violins unresponsive—Um and again, the lower strings made more graceful sense of the same musical material)...

the grand proportions of the work were sculpted with confidence. A cool, credible performance, sometimes imposing; the Finale didn't gather all its cumulative power...

Arts Guide

Theatre

London: Loat (Ambassadors): Leonard Rossiter is a wonderful Truscott in Jonathan Lynn's enjoyable revival of Joe Turner's face in which a lecherous...

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Der Schein trügt/Bochum

Ronald Holloway

The combination of playwright Thomas Bernhard, director Claus Peymann and actor Bernhard Minetti is practically unbeatable on the West German theatre scene...

Each Tuesday, Robert comes for a visit - always late, which constantly irritates Karl; each Thursday, Karl dresses to pay a visit to Robert. What Karl muses on and what he discusses with Robert (mostly singing the praises of Voltaire) form the play's dramatic issue...

Claus Peymann's approach to this nonstop stream of consciousness is to give Minetti plenty of room to manoeuvre his modest living quarters in the intimate Kammerstube, like a Mathusalem saving out the decisions that eventually set the full course of his life...

mirror as though a final stage performance is in the offing, recalling the glory days of his artistry in contrast to his brother's bows at the Burgtheater in Vienna in "mis-erably translated" Shakespearean productions...

Thomas Bernhard ranks as the leading German language dramatist on the scene today. One can associate him regularly with Beckett, and Pinter and Chekhov, for the hints are there in the plays and the consequently directed stage productions...

Claus Peymann and the Schauspielhaus Bochum are generally reckoned as second in German theatre only to Peter Stein and the Schauspielhaus am Halesches Ufer in West Berlin...



Northwest Industries in strong recovery

BY WILLIAM HALL IN NEW YORK
NORTHWEST INDUSTRIES, the U.S. conglomerate which last year made its first ever loss because of its exposure to the depressed U.S. energy industry, made a sharp recovery in the first three months of 1984 with net income of \$14.6m or 70 cents a share, against a profit of \$1.4m in the first quarter of 1983, or 3 cents a share.

Hutton earnings in first quarter drop sharply to \$13m

BY PAUL TAYLOR IN NEW YORK
E. F. HUTTON, the Wall Street investment bank, yesterday reported a sharp drop in first-quarter earnings, which, it said, reflected less retail activity in its brokerage business, reduced underwriting volume and higher expenses.

Coleco returns to profit in quarter

BY OUR NEW YORK STAFF
WORLDWIDE DEMAND for its Cabbage Patch Kids dolls has brought a swift return to profit for Coleco Industries, producer of the Adam home computer system, video games and toys.

Foreign exchange gain boosts Bankers Trust

BY OUR FINANCIAL STAFF
BANKERS TRUST, the 10th largest U.S. bank in terms of year-end assets has reported higher first-quarter net earnings. The New York-based bank said its net earnings, including gains from the sale of three branches in New York City, increased by 13 per cent to \$69.2m or \$2.20 a share from \$61.1m or \$2.03 a share in the corresponding 1983 quarter.

Allis Chalmers cuts loss to \$16m

BY TERRY DODSWORTH IN NEW YORK
ALLIS-CHALMERS, the Milwaukee-based agricultural and process equipment manufacturer, reduced its net losses in the first quarter of this year to \$16.5m, or \$1.40 a share, from \$62.4m or \$5.12 a share in 1983.

Insurance operations setback hits American Express result

BY WILLIAM HALL IN NEW YORK
AMERICAN EXPRESS, the U.S. financial services group, has reported a 26 per cent drop in its first-quarter net income to \$116m, primarily because of a sharp drop in profits in its insurance and investment services operations.

Continental Illinois suffers decline

BY WILLIAM HALL IN NEW YORK
CONTINENTAL Illinois, Chicago's biggest bank, which has been depressed by heavy losses on its energy lending, has reported a 6 per cent drop in first-quarter net income to \$29.4m, despite the benefit of a \$157m pre-tax premium on the recent sale of its credit card operations.

Commerzbank 1983 - Progress on a broad front.

Earnings increased substantially. Further international growth. For Commerzbank, 1983 was a year of significant overall progress. This is reflected not only in higher profitability, but also in a greatly improved balance sheet structure.

Mexican brewery restructuring deal approaches agreement

BY DAVID GARDNER IN MEXICO CITY
TALKS ON the restructuring of Cerveceria Moctezuma, a leading Mexican brewery, are at an advanced stage with an agreement expected this week for foreign creditor banks to convert a portion of their outstanding loans into equity.

U.S. telephone company lifts income 17%

BY OUR NEW YORK STAFF
FIRST-QUARTER net income at GTE, the telephone system operator, jumped by 17 per cent from \$220m to \$257m, largely because of increased customer demand for communication services and an improvement in the electrical products business.

Commerzbank Group - 1983 Highlights

Table with 2 columns: Category and Value (in DM billion). Total assets: 113.25; Borrowed funds: 71.79; Total lending: 84.57; Capital and reserves: 2.92; Number of shareholders: 130,000; Staff: 22,000; Branches: 884.

Ingram drops \$254m bid for U.S. insurer

BY OUR NEW YORK STAFF
INGRAM industries, the Nashville-based, privately owned conglomerate, has dropped its \$254m bid for Corroon & Black, the sixth biggest U.S. insurance broker, and placed its 7.8 per cent stake with institutions.

Uniroyal moves ahead

BY OUR FINANCIAL STAFF
UNIROYAL, the third largest U.S. tyre producer, had a good first quarter, with earnings rising from last year's corresponding \$3.6m to \$17.1m or from 9 to 47 cents a share.

Commerzbank 1983 - Progress on a broad front.

»The reward of a thing well done is to have done it«
- Ralph Waldo Emerson -

Advertisement for Commerzbank featuring the quote 'The reward of a thing well done is to have done it' and a list of 1983 highlights including total assets of 113.25 billion DM and 884 branches.

INTL. COMPANIES & FINANCE

Cash flow soon for Woodside Petroleum

MELBOURNE—Woodside Petroleum, in which Shell and BHP hold major stakes, said North West Shelf natural gas sales, scheduled to begin July 1, will provide the company with its first cash flow from production since it began exploration almost 30 years ago.

Cash flow into Vungas, its 50.8 per cent owned listed unit, from onshore production in the Copper, Eromanga and Canning basins is also expected to increase significantly in 1984.

Construction of the A\$2.1bn (U.S.\$1.93bn) domestic gas phase of the North West Shelf project was 90 per cent complete at end-February.

Woodside, which has a 50 per cent stake in the venture, and other participants will supply the State Energy Commission of Western Australia (SECWA) with 385m cubic metres of gas per day for 20 years from January 1, 1985.

At plateau production, the domestic gas plant will also produce 300,000 tonnes of condensate a year. Gas produced from July 1 will be purchased by the SECWA under a separate agreement.

Turning to the A\$8.5bn liquefied natural gas (LNG) project, Woodside said negotiations continue on converting into a sales agreement a 1981 Memorandum of Intent by eight Japanese utilities to buy the total output.

But the 1986 target date for start of LNG deliveries has been deferred because of the world recession and a sharp reduction in energy usage.

Woodside, which plans to cut its LNG stake from 50 per cent to 18.5 per cent, said latest estimates put shelf reserves at 30,100bn cu ft of gas and 524m barrels of condensate.

Bata India earns and pays more

By P. C. Mahanti in Calcutta

BATA INDIA the country's leading shoe manufacturer lifted turnover from Rs 1,45bn to a record of almost Rs 1.6bn (\$145m) in 1983. Pre-tax profits advanced from Rs 20,92m to Rs 47,49m and net profits were Rs 19,49m compared with Rs 11,42m. The dividend if lifted from 15 per cent to 20 per cent.

The return on equity of 9.89 per cent compares with 6.65 per cent in 1982. In 1983 the return on equity had dropped to a mere 1.86 per cent. Since then the company has tightened up its financial discipline, and has taken steps to improve productivity and efficiency all round.

The company's profitability ratios have risen from about 1 per cent in 1980 to 1.16 per cent in 1981 then to 1.78 per cent in 1982 and to 3 per cent in 1983.

Bata India's says its modernisation programme has led to improved operating efficiency and to increased production of high added value fashionable shoes.

Latin American exposure hits profits at Arlabank

BY DAVID LASCELLES

ARLABANK, THE consortium bank owned by 29 shareholders in the Middle East and Latin America, suffered a 7 per cent fall in profits last year as it adjusted to the Third World debt crisis, to which it is heavily exposed. The bank also received a \$300m standby credit from its shareholders, of which \$100m has been drawn down.

Nearly 70 per cent of Arlabank's assets are in Latin America, including 17.6 per cent in Argentina, 12.7 per cent in Mexico, and 10.6 per cent in Brazil. But the bank is in the process of restructuring its operations and shifting more of its business to the Middle East.

Profits fell to \$17.3m from \$12.6m in 1982. At the same time, the bank's balance sheet shrank from \$2.2bn to \$1.7bn as it sharply reduced its activities in the money markets.

Non-performing loans, which Arlabank defines conservatively

as those on which arrears are 60 days overdue rather than the more usual 90 days, totalled \$37.3m, or 3 per cent of the total loan portfolio. But the bank expects this to fall by more than half this year as stalled refinancing programmes for troubled debtor countries get going again.

Arlabank made a \$2.6m specific provision for bad debts and set aside a further \$2.5m in general provisions.

The \$300m standby was made as a gesture of confidence in the bank by its shareholders. In addition, Arlabank's paid up share capital was increased by \$25m to \$200m.

Mr W. M. Makowski, the general manager, says in a letter to shareholders that "Last year earnings were at a satisfactory level representing a 1.2 per cent return on average assets and 11.2 per cent on average paid-up capital." Arlabank will not be paying a dividend this year, but \$12.5m of new shares will

be distributed and charged against unappropriated earnings.

Arlabank is now in the process of retreating from the Latin American market. It has moved its headquarters from Peru to Bahrain where it intends to stress fee-earning business, trade finance, letters of credit, guarantees, merchant banking, and leasing. But it will continue to finance commerce between the Middle East and Latin America, the purpose for which it was originally set up seven years ago.

The bank also hopes to open branches in London and New York. Mr Makowski says his aim is to build the bank "into a rationally structured high technology bank with a capacity to provide quality banking services."

Major shareholders include Kuwait Foreign Trading Contracting and Investment Co., Arab Banking Corporation, Libyan Arab Foreign Bank, and Banco do Brasil.

Revised terms for Selprop project

By Wong Sulong in Kuala Lumpur

THE MALAYSIAN authorities have finally given the go-ahead to the development of a \$51bn (US\$ 480m) commercial property project in Kuala Lumpur by Selangor Properties (Selprop), but have made several significant revisions to the original terms.

Under the revised terms, set by the Capital Issues Committee (CIC), the paid-up capital of Selprop will be increased from 96m ringgit to 292m ringgit. The original proposals envisaged a paid-up capital of 640m ringgit, which would have made Selprop the biggest company on the Kuala Lumpur and Singapore stock exchanges.

The decision to scale down the paid-up capital is believed to be based on the CIC's desire that the company maintain its present rate of dividends.

Selprop will now buy the 92 per cent of Bungsar Hill Development (BHD) it does not own, for 337m ringgit, to be satisfied by the issue of 51m new shares of one ringgit each, valued at 8.7 ringgit, and the issue of 189m convertible debentures.

BHD owns 54 acres of prime land in Damansara in the Malaysian capital, and the development of the project has been the subject of much political haggling and delays over the past five years.

The latest plans, approved by the authorities, call for the development of the site over 13 years. The development is forecast to yield 7bn ringgit in sales and 2.5m ringgit in profits to Selprop. Construction of phase one comprising nine blocks of offices totalling 2.5m sq ft has started.

Currently, Royal Business Machines has some 50 branches and 200 dealers throughout the U.S. It plans to expand its sales outlets to 400 in two years.

Konishiroku plans U.S. expansion

BY YOKO SHIBATA IN TOKYO

KONISHIROKU PHOTO INDUSTRY, Japan's second largest manufacturer of photographic paper and paper copiers is preparing to make a major advance into the U.S. market by taking a 34 per cent stake in Royal Business Machines, previously a fully-owned subsidiary of Triumph Adler of West Germany. Triumph Adler is in turn 98 per cent owned by Volkswagen.

In comparison with other Japanese plain paper copier makers, Konishiroku lags behind its competitors in the U.S. market. Having relied upon

Royal the Japanese major finds itself with only 7 to 8 per cent of the U.S. market. Royal has held sole agent status for Konishiroku in the U.S. since 1971.

By taking an equity stake in Royal, Konishiroku expects to double its plain paper copier sales in the U.S. to ¥100bn (\$443.5m) in the next three years. Konishiroku and Adler Triumph are expected to sign an agreement on April 15 under which Royal Business Machines will have of its typewriter division and will only handle copiers in the future and will

also issue \$60m worth of new shares. Konishiroku is also to appoint a deputy president to Royal as well as three other directors responsible for technology, accounts, and marketing.

There has been no objection from Adler Triumph to Konishiroku's offer, since Konishiroku's copier sales accounted for as much as 70 per cent of the U.S. subsidiary's annual turnover.

Mr Gray said the company was looking forward to continued growth throughout this year "and beyond." Strong gains in the commercial and industrial operations should more than offset a decline in military aircraft engine shipments. The group also intended to increase overseas sales, which now accounted for 40 per cent of revenues, and was assuming a "higher profile" in the U.S. space programme.

United Tech advances by 21%

BY OUR NEW YORK STAFF

UNITED TECHNOLOGIES, the diversified U.S. defence, aero engine and electronics company, achieved a 21 per cent increase in net profits in the first quarter on a sales gain of 10 per cent.

Earnings totalled \$133.5m or \$2 a share, against \$110m or \$1.71 a year ago. Turnover rose from \$5.5bn to \$6.9bn.

As the fifth largest U.S. manufacturing company, and a manufacturer of defence equipment, elevators, control systems

and Mostek semiconductors, UT is an important indicator of the strength of the U.S. economy.

Mr Harry Gray, chairman and chief executive, said most operating divisions showed revenue gains, although turnover in the power group was down slightly because of lower military engine sales. UT's Pratt and Whitney division recently lost out to General Electric in both navy and air force engine contracts, a business it has

dominated for several years.

Mr Gray said the company was looking forward to continued growth throughout this year "and beyond." Strong gains in the commercial and industrial operations should more than offset a decline in military aircraft engine shipments. The group also intended to increase overseas sales, which now accounted for 40 per cent of revenues, and was assuming a "higher profile" in the U.S. space programme.

Carter Hawley bid defence move

BY OUR NEW YORK STAFF

CARTER HAWLEY HALE, the U.S. quality department store group fighting a \$1bn takeover bid from The Limited, has turned for help to General Cinema, the cinema chain and soft drink group, in a bid to save itself from its small but aggressive rival.


Carter Hawley says it has

said 1m shares of a newly-issued series of cumulative convertible preferred stock to General Cinema for \$300m. Each share of the new stock will have 11.1 votes and will carry an initial dividend of 13 per cent, which falls to 10 per cent on conversion.

Under the deal General

Cinema, which is slightly smaller than The Limited in terms of revenues and earnings, will have approximately 23 per cent of Carter Hawley's voting power. General Cinema will obtain board representation and will have a six-month option to buy Carter Hawley's Walden Book Company for \$285m.

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NEW ISSUE 17th April, 1984

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INTL: COMPANIES & FINANCE

Mondaine's freedom from traditional Swiss watch industry pays off

BY JOHN WICKS IN ZURICH

THE SWISS watch business has been going through a bad time. Recession and the structural weaknesses inherent in an old-established industry have taken a heavy toll. Between 1980 and 1983 alone, production and export annual volumes fell off by a good 40 per cent, to 34.8m and 30.2m units, respectively, and personnel by about a third to 33,650. In spite of Switzerland's belated entry into the large-scale production of electronic watches, the return to health is proving a slow one.

One of the most successful watch companies is one of the least typical. "Our biggest single advantage is that we are based in Zurich and not tied down by tradition," says Mr Erwin Bernheim, founder of Mondaine Watch. The family-owned company, since the very start something of an outsider, has become one of the country's top exporters, accounting for 10 per cent of shipments—without ever having to book a loss. It has climbed to third place in Switzerland in production terms, if well behind the leader, Asag/SSEI, the world's second largest watch group.

Mondaine, far from sharing the illustrious heritage of most competitors in the valleys of the Jura, first saw the light of day in Brazil. In 1961, the company Frank and Bernheim was set up in Rio de Janeiro for the import and distribution of Swiss watches. By 1966, two years after the registration of the brand name "Mondaine," the concern was selling over half-million watches a year in South America.

However, it soon came to the heretical conclusion that some of its suppliers were unreliable and their products not up to scratch. So in 1959 the partners decided to go into the Swiss manufacturing business themselves by buying one small factory and building another, setting up the Remonta subsidiary in Biberist. Over the following years, this production base was expanded by further takeovers and green-field investments.

In the mid-1970s Mondaine became one of Switzerland's first watch groups with a Far East affiliate, by acquiring Asia-Swiss Industries, the Hong Kong-assembly concern. In Brazil itself, the group began local output through a new subsidiary, Brasili-Swiss.

Having made its entry into production with mechanical watches, Mondaine soon made a name for itself as a pioneer in the electronics field. In the early seventies its research and development division had been among the first to develop light-emitting-diode (LED) and liquid-crystal display (LCD) watches. The Remonta plant subsequently became the second in Switzerland to start making LCD watches, and was soon joined by the Siegfried Allemann plant, which Mondaine bought in 1974.

The research division booked a number of firsts for the company in the 'seventies. Mondaine also established an international sales network. Like the production subsidiaries, these are seen as profit centres with a large degree of autonomy—meaning that they are not bound to buying group products.

As well as things have gone, the company has just carried out a major re-organisation programme. Mr Bernheim and his son, Dr Ronnie Bernheim, unlike some of their compatriots, appear to have seen the writing on the wall in good time.

One of the most striking recent developments in the world watch market has been the down-grading of this place of mechanical movements. Overcapacity and the supply of cheap quartz watches have led to totally uneconomic price levels. Mondaine has cut back group output by about 2m units a year to 4.5m, of which some 3m are produced in Switzerland. Two-thirds of the total is now accounted for by finished

watches, and a third by movements. The share of electronic watches has increased.

This re-structuring of the production programme has been accompanied by a marked change in the geographical breakdown. Until recently, the ties with Brazil had remained very strong: in 1982, some 40 per cent of the group's SwFr 121m (U.S.\$56m) turnover was accounted for by this single market. Although Mondaine has built up its production operations in Brazil in the past two years—by expanding

what Ronnie Bernheim describes as "co-operative marketing." In contrast with most Swiss watchmakers, Mondaine does not aim its sales at the traditional retail outlets—specialised watch shops, but seeks to concentrate its efforts on a limited number of major customers with long-term demand.

These include department stores and mail-order houses, but also outside companies and associations using watches for promotional purposes—such as newspapers' gifts to new subscribers. Mondaine itself provides marketing services to such corporate clients in Switzerland, which accounts for 10 per cent of total group sales. It offers watches as fashion accessories as part of a package deal with clothing stores.

The marketing projects are going well in Europe, where the group most wants to expand its sales. British and German mail-order houses are among those showing the most interest, apart from business in Switzerland itself.

Together with Migros, the Swiss retail co-operative Mondaine last year launched the "M-watch." The name itself was in line with a change in company strategy, since the group had until recently been selling most of its watches under customers' brand names.

Introduced to Migros shops at a standard price of SwFr 38 (with a de-luxe version for an extra SwFr 10), the plastic-cased "M-watch" was an immediate success. Stocks were regularly sold out day-by-day by 10 am, and Mondaine had to supply many times more of the quartz watches than forecast—diverting to Migros most of those which had been earmarked for export. In the first ten months of production, no fewer than 230,000 were sold in Switzerland through Migros and a further 80,000 in 13 different export markets—including Japan.

The "M-watch"—the name stands for Migros in Switzerland and Mondaine abroad, though a happy coincidence almost all foreign partners also have a name starting with "M"—is currently being turned out in three sizes at a total rate of 60,000 a month. This year, Dr Bernheim plans a "massive" increase in exports—to 17 or 18 countries—and says sales continue to be excellent.



Dr Ronnie Bernheim and Mr Erwin Bernheim

This advertisement appears as a matter of record only.



Instituto Nacional de Industria

U.S.\$ 150,000,000

Floating Rate Notes due 2000

Manufacturers Hanover Limited

IBJ International Limited

Société Générale

Banco Urquijo Hispano Americano Limited	The Bank of Nova Scotia Group
Bank of Tokyo International Limited	Banque Bruxelles Lambert S.A.
Banque Indosuez	Banque Paribas
Chase Manhattan Capital Markets Group Chase Manhattan Limited	Creditanstalt-Bankverein
Crédit Commercial de France	Crédit Lyonnais
Dai-ichi Kangyo International Limited	Daiwa Europe Limited
Dresdner (South East Asia) Limited	Fuji International Finance Limited
Kidder, Peabody International Limited	LTCB International Limited
Mitsubishi Finance International Limited	Mitsui Finance Europe Limited
Nippon Credit International (HK) Ltd.	Nomura International Limited
Saitama Bank (Europe) S.A.	Sanwa Bank (Underwriters) Limited
Sumitomo Trust International Limited	Tokai International Limited
Yamaichi International (Europe) Limited	Yasuda Trust Europe Limited

March, 1984

"Although 1983 was a difficult year globally, Arab Asian Bank in pursuing the policy clearly defined in last year's statement, has achieved a consistent level of profitability, substantially increased shareholders' funds, and a gearing ratio of 7.6 times—one of the best amongst banks...."

Hussain Najadi
ChairmanConsolidated Balance Sheet 1983
(Audited)

ASSETS		LIABILITIES	
	(US\$ million)		(US\$ million)
Cash & Deposits with Banks & Financial Institutions	158.383	Deposits from Banks & Customers	379.160
Bonds & Investments	46.759	Bankers' Acceptances	66.598
Loans & Advances (net of provisions)	384.548	Liabilities under Repurchase Agreements	33.259
Interest & Other Assets	13.826	FRN's & CD's	45.000
Fixed Assets	1.328	Interest & Other Liabilities	10.598
Customers' Liabilities under L/C's & Guarantees	151.562	Share Capital & Reserves	70.229
	736.406	Bank's Liabilities under L/C's & Guarantees	131.562
			736.406



البنك العربي الآسيوي

Arab Asian Bank e.c.

PO Box 5619, Manama, Bahrain
Tel: 233129 Tlx: 8583 ABMALC.E. Coates & Company Limited
30 Finsbury Square
London, E.C.2
Tel: 01-638 9515 Tlx: 893657Arab Asian International Limited
Admiralty Tower II
Harcourt Road, Hong Kong
Tel: 5-299822 Tlx: 62423

General Electric Company

has sold substantially all the coal, metals mining and transportation businesses of its subsidiary

Utah International

to

The Broken Hill Proprietary Company, Ltd.

The undersigned advised General Electric Company in this transaction.

MORGAN STANLEY & CO.
Incorporated

April 2, 1984

CNT

Caisse Nationale des Télécommunications

U.S.\$100,000,000
Floating Rate Notes due 1986For the six months
18th April, 1984 to 18th October, 1984
the Notes will carry an
interest rate of 11 3/4% per annum,
with a coupon amount of US\$58.14.
Interest payable on 18th October, 1984.

Bankers Trust Company, London

To the "B" Shareholders of
NOVO INDUSTRI A/S

Against delivery of coupon number eight payment will be made of a dividend of 20% for the year 1983.

Information on the special taxation rules applicable to Shareholders resident in the United Kingdom or the Republic of Ireland may be obtained from the Company's office in Novo Allé, DK-2880 Bøgsø, Denmark, or from Morgan Grenfell & Co. Limited, Registrar's Department, 23 Great Winchester Street, London EC2P 2 AX.

Payment will take place at Copenhagen Handelsbank A/S, 2 Holmens Kanal, DK-1091 Copenhagen K, Denmark, and at all the bank's branches.

12th April, 1984

NOVO INDUSTRI A/S

INTL. COMPANIES & FINANCE

INTERNATIONAL APPOINTMENTS

New Goodyear Intl. president

Mr Eugene R. Culler, chairman and managing director of Goodyear Great Britain, has been elected vice president of GOODYEAR INTERNATIONAL CORPORATION...

organised weaving machinery division of the Swiss engineering group SULZER BROTHERS. Divisional management, hitherto based in both Ruetli and Oberwiltach, he will now be mainly based in Ruetli...

Howard Rooson, international chairman of BRQ International. Mr de Koning was senior partner of Jones Lang Wootton Holland, based in Amsterdam...

Mr Anthony Carmel, assistant group general manager of BAR-CLAYS GROUP ITALIA, has been appointed group general manager from September 26...

Mr Keith Green has been appointed senior National Westminster Bank representative with CREDITWEST, based in Milan. (NatWest has a 31 per cent holding in Creditwest)...

Mr R. Smith has been appointed managing director of CERAMCO, one of New Zealand's major manufacturing groups, in succession to Mr Tom Clark...

NORTH AMERICAN QUARTERLY RESULTS

Table with 4 columns: Company Name, Quarter, Revenue, Net Profit. Includes companies like M. LOWENSTEIN, MCGRAW-HILL, MORSTAR BANCORP, NORTH AMERICAN PHILIPS, BOLM, U.S. SHOE, WINDPOOL, WACHOVIA.

Advertisement for Dialcard featuring a car image and text: 'The £170,000 or so that can really take you for a ride.' Discusses fleet management costs and services.

MOTORLINE advertisement for SAAB. 'A MORE INDIVIDUAL CAR FOR THE MORE DISCERNING INDIVIDUAL. LEASE... CONTRACT HIRE... OR EVEN CASH!' Includes contact info for Chris Perrett.

MOTORLINE advertisement for Austin Martin. 'The only West End officially appointed dealers for BMW/Porsche sales, service and parts.' Includes contact info for Aston Martin Lagonda.

LANDA advertisement for Mercedes-Benz. 'VISIT OUR HUGE SHOWROOM WITH 50 MERCEDES-BENZ ON DISPLAY.' Lists various car models and prices.

THE WOODBRIDGE COLLECTION advertisement listing various cars like Aston Martin, Ferrari, and Lotus models.

STRATTON MOTOR COMPANY (NFK) LTD. advertisement listing cars like Aston Martin, Ferrari, and Lotus models.

ARLINGTON MOTOR CO. LTD. advertisement listing cars like Mercedes-Benz, BMW, and Lotus models.

Normand advertisement listing cars like Mercedes-Benz, BMW, and Lotus models.

NEWCASTLE UNDER-LYME advertisement listing cars like Mercedes-Benz, BMW, and Lotus models.

WOODBRIDGE GARAGE advertisement listing cars like Mercedes-Benz, BMW, and Lotus models.

HONDA advertisement listing cars like Honda Civic, Honda Accord, and Honda CRX.

ROAD RANGE OF LIVERPOOL advertisement listing cars like Mercedes-Benz, BMW, and Lotus models.

NEW advertisement listing cars like Mercedes-Benz, BMW, and Lotus models.

CITROEN advertisement listing cars like Citroen CX, Citroen BX, and Citroen AX.

BAY HORSE GARAGE (HEREFORD) LTD. advertisement listing cars like Mercedes-Benz, BMW, and Lotus models.

Burlington LANCIA advertisement listing cars like Lancia Prisma, Lancia Thema, and Lancia Prisma.

LEASING AND HIRE advertisement listing car leasing and hire services.

LEASING advertisement listing car leasing services.

HAMILTON MOTORS advertisement listing car leasing and hire services.

Lotus advertisement listing cars like Lotus Esprit, Lotus Elise, and Lotus Evija.

Bristol Motor Company advertisement listing cars like Mercedes-Benz, BMW, and Lotus models.

MOTOR CAR ADVERTISING advertisement listing car advertising services.

COOMBS advertisement listing car leasing and hire services.

NEW CARS TOP DISCOUNTS advertisement listing car leasing and hire services.

REGISTRATION NUMBERS advertisement listing car registration numbers.

REGISTRATION NUMBERS advertisement listing car registration numbers.

REGISTRATION NUMBERS advertisement listing car registration numbers.

REGISTRATION NUMBERS advertisement listing car registration numbers.

REGISTRATION NUMBERS advertisement listing car registration numbers.

WANTED advertisement listing car registration numbers.

BRAMLEY advertisement listing car registration numbers.

REGISTRATION NUMBERS advertisement listing car registration numbers.

REGISTRATION NUMBERS advertisement listing car registration numbers.

REGISTRATION NUMBERS advertisement listing car registration numbers.

COMPANY NOTICES

KLEINWORT BENSON (JAPAN) FUND notice regarding dividend payment.

SOCIETE CENTRALE DE BANQUE INTERNATIONALE notice regarding dividend payment.

ENEL F.L.R. 80/87 notice regarding dividend payment.

SOCIETE CENTRALE DE BANQUE INTERNATIONALE notice regarding dividend payment.

SOCIETE CENTRALE DE BANQUE INTERNATIONALE notice regarding dividend payment.

SOCIETE CENTRALE DE BANQUE INTERNATIONALE notice regarding dividend payment.

PROPERTY-PARTICIPATION OF A CASTLE in Tirol-Austria, 37 miles from Innsbruck.

SWITZERLAND ATTENTION FOREIGNERS notice regarding property participation.

AMERICAN EXECUTIVES notice regarding property participation.

HOLIDAYS & TRAVEL notice regarding property participation.

COLUMBUS notice regarding property participation.

CREDIT LYONNAIS notice regarding property participation.

Miller advertisement listing property participation.

Covent Garden WC2 advertisement listing property participation.

AMERICAN EXECUTIVES advertisement listing property participation.

DISCOUNTED AIR TRAVEL advertisement listing property participation.

SITA TANDOORI RESTAURANT advertisement listing property participation.

FACT advertisement listing property participation.

BRITISH DIABETIC ASSOCIATION advertisement listing property participation.

UK COMPANY NEWS

Websters advances 37% to £2m and calls for £3.2m

WEBSTERS GROUP, a printing, publishing and wholesale book distributor, is raising £3.15m by way of a rights issue, the second call for funds from shareholders in two and a half years. A rights issue in October 1981 raised £0.44m.

"and the effects of this seasonal trend are increasing as the group grows in size." However, he says that the directors are confident of this year's outcome and intend to at least maintain the dividend on the enlarged capital.

Corporate Finance, which holds a 28.6 per cent stake in Websters. Brokers to the issue are Grenfell & Colegrave. Dealings in the new ordinary are expected to begin on May 4.

Ray Maughan looks at the Ellerman brewery disposal Reaping a swift £44m reward

THE HOTEL keepers, Mr David and Mr Frederick Barclay, dared tread where nobody else would follow last October when they paid about £50m for the two breweries, the travel business and the fleet of 18 container ships which made up Ellerman Lines.

Their agreement sell Cleveland-based J. W. Cameron provides what Scottish and Newcastle Breweries requires—a tied house outside the Edinburgh and North Eastern catchment areas. Concentrating on its brewery roots, S and N is letting go the hotel interests, which neither the demographic nor geographic market targets and is lessening its dependence on the free trade.

There is a good possibility that the brothers will take the '11 trodden route to a public listing in the next year or so even if a quote will bring the spotlight to bear on a fast expanding yet very secretive business.

The Barclay brothers first hit public prominence with a bid for Sir Cyril Black's M. F. North Temperance hotel chain two years ago, much of which has since been sold off.

ADVERTISEMENT



Extreme situations offer extraordinary potential for profit—so long as they are recognised as such. Let me sketch how a revaluation of the Swiss equity market may be in the offing as a result of a combination of significant structural changes in a generally favourable environment.

A new era for Swiss stocks

New investors: In the Seventies, Swiss franc investments were often made solely for reasons of safety. Today, it is safe to assume that the driving force is performance. Therefore, internationally accepted standards of valuation, such as price/earnings or price/book ratios are applied.

Ash & Lacy expansion

An increase of £333,000 to £3.11m in pre-tax profits is reported by Ash and Lacy for the 52 weeks to December 30 1983. Turnover of this West Midlands-based manufacturer of perforated metal and steel cladding and galvanizers, moved ahead from £27.07m to £27.55m.

Eagle says insurance competition still intense

Sir Denis Mountain, chairman and managing director of Eagle Star Holdings, now a member of BAT Industries, reports that competition for insurance business worldwide continues to be intense.

consequences of inadequate premiums. Premium levels were still inadequate for personal lines. There had been some increases in motor rates, but premiums for household risks were still too low to cover claims from adverse weather and increasing number of burglaries.

BIDS AND DEALS IN BRIEF

W. Tyzack Sons and Turner announces that Mr Michael J. Mallett, its deputy chairman nominee, has acquired 450,000 ordinary shares (25.62 per cent) from Bahco.

Mr Barclay admitted that his predominantly hotel business might be considered as an outsider at this stage, but "the fit would be very compatible."

expansion in North America, it has sold its interests in Corrugated Products.

The purchase was completed on March 30. The purchase price has not been disclosed, but it is understood to be several £m.

Integrated Power Semiconductors Ltd. Syndicated financing by Investors in Industry plc Ventures Division. of 4,500,000 Convertible Preferred Ordinary Shares of 10p each at £1 per share.

Millets Leisure Shops has agreed to acquire the capital of a private company, Levis Wear, for £720,000 cash, which will be met entirely from existing facilities.

Crystalite Electronics, of Tunbridge Wells, Kent, has acquired CIE, of Tournaun, near Paris, as part of its plans to expand into Europe.

Following a decision by the Central Bank of Ireland to concentrate further resources into its

Scottish Life Chairman's Statement. Extracts for Year Ended December 1983. 1983 NEW BUSINESS: * New Life Annual Premiums associated with mortgages up 88% on last year.

STEELS (INTERNATIONAL TRADERS AND MANUFACTURERS) Satisfactory improvement in results. Where our profits come from. Steel Brothers Holdings PLC, Sondes Place, Dorking, Surrey.

PRELIMINARY RESULTS 1983. Group turnover: 1983 £000 119,566; 1982 £000 128,898. Group profit before items listed below: 17,058 (1983), 18,008 (1982).

Scottish Life logo and contact information. LADBROKE INDEX. The professionals with the personal touch.

UK COMPANY NEWS

Harrison Cowley 1983 PROFIT UP 27% SALES UP 17% FINAL DIVIDEND UP 9% EARNINGS PER SHARE UP 43%

Harrison Cowley (Holdings) PLC and Subsidiary Companies Group Results for the year ending 31st December.

Table with 2 columns: 1983 and 1982, showing financial metrics like Sales, Profit Before Taxation, Taxation, Attributable Profit, Earnings Per Share, Dividends, and Proposed Final Ordinary.

Harrison Cowley (Holdings) PLC

Kalamazoo in the red and interim reduced

Kalamazoo, the business systems and services group, dived into the red in the six months to February 3 1984.

The company is trading profitably in the current half year, but results for this period are unlikely to make the year as a whole comparable with the previous year's £3.23m pre-tax, the directors warn.

Although the performance in the second quarter was considerably better, it did not compensate for the losses to the first three months, they report.

The third quarter is showing steady progress, particularly in micro-based systems and the company is restructuring the business in the light of the changes in the markets the company serves.

This involves a stringent review of costs and a continued strengthening of customer support services, which the directors consider are going to be a key factor for future success and prosperity in today's fast moving business systems market.

On the current cost basis, funds generated by operations fell from £2.51m to £1.7m. Historical cost depreciation took £1.34m (£967,000) and current cost depreciation adjustments came to £38,000 (£18,000).

Benefits showing through as Comfort Hotels reaches £2.4m

AN EXPANSION in trading profit coupled with a reduction in interest charges has given a substantial boost to Comfort Hotels International.

The directors say that progress has continued in implementing the policy of broadening its base of operations and concentrating on larger modern hotels.

The Birmingham and Leicester International Hotels, totalling 420 rooms, were acquired in September, and negotiations for the acquisition of the 320 room Wembley International Hotel have been finalised.

At the year end, net assets had advanced from 30.75p to 41.35p per share.

Turnover in the year rose from £25.94m to £27.27m. After tax £25,000 (£294,000), minorities £55,000 (£2,000) and extraordinary credits £61,000 (£30,000) the net attributable profit came out at £1.53m (£175,000).

The directors state there is every indication to date that the progress of 1983 can be continued in the current year through a broadly based improvement in hotel occupancy and average room rate achieved.

Strikes Restaurants, the subsidiary introduced to the USM a year ago (Comfort retains 88 per cent of the capital), increased its turnover from £5.03m to

£6.16m and profit from £659,000 to £718,000. Its final dividend is 1.1p to make 1.6p net. Earnings were 7.7p.

Progress was made in streamlining the company's main activities through a number of disposals and acquisitions.

Strikes has contracted to purchase a 60 per cent interest in Croissants de Provence (French Franks) in exchange for 88,106 ordinary shares.

Comfort Lodge UK, which is jointly owned with British Land, has made considerable progress in realising its aim of having five Lodges operational by the end of 1985.

The Abingdon Room, the new addition to the Rainbow Suite and Kensington Exhibition Centre, opened in January at the beginning of 1984.

A recent professional valuation of the freeholds of the Park Plaza, Victoria and Charles Dickens Hotels in London has produced a surplus of £5.5m.

A reduction in the interest bill thanks to property disposals and

lower rates accounted for around half of Comfort Hotels' pre-tax profits advance. Following the revaluation of three London hotels, gearing is down even more dramatically—from 119 per cent of shareholders' funds at the previous year-end to about 60 per cent.

Adjusting for Londonderry Mayfair's first contribution of £200,000 or more, it looks as if the underlying growth in this existing business' profits was more like 13 per cent before interest—an 'unequivocal performance' which reflects a slow start to the year and a busy time for acquisitions and refurbishments.

Comfort, however, has not been completely immune to the revival seen by the rest of the hotel industry. It managed a 7 per cent increase in tariffs earlier this month and the outlook for summer occupancy rates is good.

Meanwhile, several acquisitions will be chipping in for the first time this year, pointing to a pre-tax total of perhaps £4m. At yesterday's price of 45p, up 1p, that puts the shares on an undemanding multiple of 8.6, assuming a 22 per cent tax charge.

Operating revenue rose to £25.2m (£22.5m) and tax was £274,000 (£237,000). Minorities contributed £17,000 (£13,000) and last time there was an extraordinary debit of £2.4m.

MINING NEWS

Higher tax hits Randfontein

BY GEORGE MILLING-STANLEY

SHARPLY HIGHER tax charges marred otherwise steady performance in the March quarter from Randfontein Estates and Western Areas, the two gold mines in the Johannesburg Consolidated Investment ("Johannes") group.

The increase in tax reflected partly the higher surcharge imposed in last month's South African budget, although here the two mines benefited from the fact that they operate on calendar years, and thus were only liable for the higher rate in the March quarter, the first of the financial year.

The mines in the Anglovaal group, by contrast, which also reported yesterday, suffered the increase for the first time in the months of their financial years, which run to the end of June.

A further reason for the increased tax paid by Randfontein and Western Areas was the steep fall in allowable capital spending consequent on the fact that the March quarter covers the South African summer holiday season.

This phenomenon will only be temporary, as both mines expect future capital spending to be at the same overall rate as last year, and possibly higher.

After a tax charge of £35.5m, up from £18.5m, Randfontein made net profits of £45.49m (£25.7m), compared with £86.25m in the December quarter.

The milling rate was a little lower, but with a larger proportion of material drawn from underground the average gold grade improved from 5 grammes per tonne to 5.3 grammes, so that production was higher.

Western Areas paid tax of £5.96m, against a credit last time of £1.76m, to give net profits of £17.75m, compared with the December quarter's £25.29m.

The mine is still selling a "significant portion" of its expected future production forward in order to protect itself against a sudden downturn in the gold price, and has once again achieved a substantially higher gold price than the other mines.

The latest price was R16.914 per kilogram, equivalent to

Table with 4 columns: Mar, Dec, Sep, and another column, showing quarterly reports from the Anglovaal group.

The quarterly reports from the mines in the Anglovaal group were something of a mixed bag, with tax charges inflated by the group's policy of accounting for the whole of the increase for the past nine months in the March quarter's figures.

Hartebeestfontein suffered from this, with net profits of £27.2m against £29.06m. The mine succeeded in reducing operating costs, as did its sister operations, Loraine and East Transvaal Consolidated.

East Transvaal turned in higher profits of R6.65m against R4.56m, largely because of an extraordinary credit of R1.5m from the sale of timber plantations and a sawmill at Mzame.

Without this item, profits would have been slightly lower than in the December quarter, partly because of flooding and surface damage caused by cyclones Domolna. An insurance claim is being prepared.

Loraine benefited from the higher milling rate and an improvement in gold grade, and recorded a net profit of R2.4m compared with the loss of R3.0m in the December quarter.

The latest profits are compared in the accompanying table.

Table with 4 columns: Mar, Dec, Sep, and another column, showing quarterly reports from the Anglovaal group.

acquired by a nominee company over shares in Africkander Lease but no decision has been taken. Wit Nigel says that it has made this announcement following a request by the Johannesburg Stock Exchange.

Wit Nigel shares hardened to a high in London yesterday while those of Africkander Lease were unchanged at 35p.

Johannesburg Investments Consolidated Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 MARCH 1984 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Randfontein Estates

Table with 2 columns: 31.3.84 and 31.12.83, showing operating and financial results for Randfontein Estates.

Table with 4 columns: No. 1, No. 2, No. 3, Total, showing sampling results for various shafts.

COOKE NO. 3 SHAFT The hoisting build-up is progressing according to plan.

Table with 4 columns: 31.3.84, 31.12.83, showing capital expenditure and long-term loans for Randfontein Estates.

Western Areas

Table with 2 columns: 31.3.84 and 31.12.83, showing operating and financial results for Western Areas.

Table with 4 columns: 31.3.84, 31.12.83, showing development and sampling results for Western Areas.

PRODUCTION GOLD The tonnage treated from underground was supplemented by 98 700 tons (110 100 tons) from surface sources.

Table with 4 columns: 31.3.84, 31.12.83, showing capital expenditure and long-term loans for Western Areas.

Elsburg

Elsburg Gold Mining Company Limited

Table with 4 columns: 31.3.84, 31.12.83, showing development and sampling results for Elsburg.

DE-WATERING PROJECT Discussions and negotiations continue with the authorities concerned and with parties holding property in the affected area.

Barrow Hepburn are moving...

- * 1983 Pre-tax profit - up 30% to £1.1m
* Acquisitions in the UK & USA
* Encouraging prospects for 1984

...and our new address is: 6 College Yard, Worcester WR1 2LA Telephone: (0905) 612403

BARROW HEPBURN GROUP plc Engineering: Chemicals Consumer related products

Wells Fargo International Financing Corporations N.V. U.S. \$50,000,000 Guaranteed Floating Rates Subordinated Notes due 1996

Prices at 3pm April 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month	High	Low	Stock	Dr.	Yield	P/E	Div.	100s	High	Low	Stock	Dr.	Yield	P/E	Div.	100s	High	Low	Stock	Dr.	Yield	P/E	Div.	100s	High	Low	Stock	Dr.	Yield	P/E	Div.	100s	High	Low	Stock	Dr.	Yield	P/E	Div.	100s
20%	11	11	AAR	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
15%	11	11	AAE	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
14%	11	11	AAJ	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
13%	11	11	AAL	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
12%	11	11	AAM	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
11%	11	11	AAN	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
10%	11	11	AAP	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
9%	11	11	AAS	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
8%	11	11	AAT	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
7%	11	11	AAU	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
6%	11	11	AAV	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
5%	11	11	AAW	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
4%	11	11	AAZ	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
3%	11	11	AAB	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
2%	11	11	AAC	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
1%	11	11	AAD	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	
0%	11	11	AAD	44	23	203	3	192	19	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	28	12	15	12	

Closing U.S. share prices were not available for today's edition because of industrial action at the Financial Times printers in Frankfurt.

Continued on Page 35

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AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 17

Main table of American stock exchange composite prices, listing various stocks with columns for 12-month high/low, current price, and change.

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of New York stock exchange composite prices, listing various stocks with columns for 12-month high/low, current price, and change.

Notes and footnotes regarding stock prices, dividends, and exchange rates.

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

WORLD STOCK MARKETS

AUSTRIA
April 17 Price +/- or
Creditanstalt 232 -1
Goessler 325 -6
Infrastrukt 209 -1
Perimeter 592 -1
Sonderdiv 400 -1
Weitzer Mag 218 -1

GERMANY
Apr. 17 Price +/- or
AEG-Telaf 94.9 -0.9
Allianz Vero 163.8 +1.1
BASF 209.5 +0.5
Bayer 345.5 +0.4
Bayer-Werke 400 +1.8
Bayer-Bank 288 +1
Bayer AG 288 +1
Bayer AG 288 +1
Bayer AG 288 +1

NORWAY
April 17 Price +/- or
Bergan Bank 260 -2.5
Borregaard 267.5 +2.5
Christiani BK 156 +1
Dan Mark & Edl 172 -1.8
Ilkrem 317.5 +12.5
Norsk Data 317.5 +12.5
Norsk Hydro 172.5 +12.5
Storebrand 288 -2

AUSTRALIA (continued)
Apr. 17 Price +/- or
Gen Prop Trust 8.07 -0.01
Mitsui Do 8.07 -0.01
Nippon Denso 1.340 -0.01
Nippon Steel 1.340 -0.01
Nippon Yusen 1.340 -0.01
Nippon Yusen 1.340 -0.01
Nippon Yusen 1.340 -0.01

JAPAN (continued)
April 17 Price +/- or
MHI 248 +8
Mitsui Do 248 +8
Nippon Denso 1.340 -0.01
Nippon Steel 1.340 -0.01
Nippon Yusen 1.340 -0.01
Nippon Yusen 1.340 -0.01
Nippon Yusen 1.340 -0.01

OVER-THE-COUNTER
Stock Sales High Low Last Chg
AGF 800 175 175 175 +
AGF 800 175 175 175 +
AGF 800 175 175 175 +
AGF 800 175 175 175 +
AGF 800 175 175 175 +

LONDON
Chief price changes
(in pence unless otherwise indicated)
RISERS
BOC 286 + 8
Bank of Scot 855 + 7
Body Shop 173 + 13
Bowthorpe 297 + 19
Brit Aero 242 + 12
Chapman Inds 226 + 18
Gleam 875 + 15
Hawker Sid 453 + 14
ICI 608
Laporte Inds 440 + 12
Nortan Optax 140 + 7
NEI 92 + 7
Pearson (S) 538 + 38
Rowntree Mac 284 + 26
Stylo 206 + 10
Waterford GL 43 + 12
Websters 126 + 21
Weeks Aus 124 + 10

NETHERLANDS
April 17 Price +/- or
ACF Holdings 122.5 +0.1
AEGON 131.0 +1.8
Alcatel 195.0 +2.5
Alcatel 195.0 +2.5
Alcatel 195.0 +2.5
Alcatel 195.0 +2.5
Alcatel 195.0 +2.5

FRANCE
April 17 Price +/- or
Empunt 4 1/2 1838 -9.1
Imprim 7 1/2 1337 -13
Imprim 7 1/2 1337 -13
Imprim 7 1/2 1337 -13
Imprim 7 1/2 1337 -13
Imprim 7 1/2 1337 -13

ITALY
Apr. 17 Price +/- or
Banca Com 34,200 +500
Banca Com 34,200 +500
Banca Com 34,200 +500
Banca Com 34,200 +500
Banca Com 34,200 +500

SWITZERLAND
April 17 Price +/- or
Aluwerke 856 +50
Brown Boveri 1,505 +5
Brown Boveri 1,505 +5
Brown Boveri 1,505 +5
Brown Boveri 1,505 +5
Brown Boveri 1,505 +5

HONG KONG
Apr. 17 Price +/- or
Bank East Asia 84.8 +0.8
Bank East Asia 84.8 +0.8
Bank East Asia 84.8 +0.8
Bank East Asia 84.8 +0.8
Bank East Asia 84.8 +0.8

SINGAPORE
Apr. 17 Price +/- or
Boustead Hedge 2.64 -0.05
Boustead Hedge 2.64 -0.05
Boustead Hedge 2.64 -0.05
Boustead Hedge 2.64 -0.05
Boustead Hedge 2.64 -0.05

SOUTH AFRICA
Apr. 17 Price +/- or
Aberdeen 8.5 +0.05
Aberdeen 8.5 +0.05
Aberdeen 8.5 +0.05
Aberdeen 8.5 +0.05
Aberdeen 8.5 +0.05

NEW YORK
Apr. 17 Price +/- or
IBM 168.12
IBM 168.12
IBM 168.12
IBM 168.12
IBM 168.12

AMERICAN
12 Month High Low Stock Div Yld % 100s High Low Close Prev
IBM 168.12
IBM 168.12
IBM 168.12
IBM 168.12
IBM 168.12

CANADA
TORONTO
Prices at 2:30 pm
April 17
48 Abc Energy 518 26 75
48 Abc Energy 518 26 75
48 Abc Energy 518 26 75
48 Abc Energy 518 26 75
48 Abc Energy 518 26 75

NEW YORK
Apr. 17 Price +/- or
IBM 168.12
IBM 168.12
IBM 168.12
IBM 168.12
IBM 168.12

NEW YORK
Apr. 17 Price +/- or
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NEW YORK
Apr. 17 Price +/- or
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IBM 168.12
IBM 168.12
IBM 168.12
IBM 168.12

WORLD VALUE OF THE DOLLAR
every Friday in the Financial Times
Includes a large graphic of a globe and text about the dollar's value.

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MARKET REPORT

RECENT ISSUES

Excellent Hawker Siddeley results revive a fragile market in equity leaders

Account Dealing Dates

*First Declared Last Account Dealings... Apr 9 Apr 28 Apr 27 May 8...

London markets were still looking rather fragile yesterday after Monday's savage shakeout... Wall Street's late rally overnight...

Some brokers reported orders from smaller clients, both on the buying and selling tack... A rising market in recent weeks reflecting persistent take-over speculation...

In the mid-afternoon, the index was only 1.2 higher but before the rise was completely erased... A rising market in recent weeks reflecting persistent take-over speculation...

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Tues April 17 1984, Mon April 16, Fri April 13, Thurs April 12, Wed April 11, Year ago (approx)

Table with columns: FIXED INTEREST, PRICE INDICES, Tues April 17, Mon April 16, Fri April 13, Thurs April 12, Wed April 11, Year ago (approx)

FINANCIAL TIMES STOCK INDICES

Table with columns: Government Secs, Fixed Interest, Industrial Ord., Gold Mines, Ord. Div. Yield, Earnings, Div. Yield, P/E Ratio, Total Returns, Equity Turnover, Shares Traded

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Govt. Secs, Fixed Int., Ind. Ord., Gold Miner, High, Low, High, Low, Daily, Daily

Leading Stores shrugged aside the disappointing March Retail sales figures...

Leading Stores shrugged aside the disappointing March Retail sales figures and closed with modest gains... The Retailers Association reported that the annual profit for the industry was up 12% on 1983...

Oil firm

Oils opened on a firm note, reflecting optimism over the U.S. market, but subsequently retreated in the face of renewed selling pressure... After-hours trading saw the emergence of further optimism as oil prices responded accordingly with domestic interest stimulated following encouraging comments by John Raisman...

S. Pearson feature

Marked higher initially, leading miscellaneous indices drifted back before hardening again in the late afternoon... Final improvements were usually featured with a jump of 38 to 43p, after 43p, but profit-taking in the wake of the preliminary results clipped 2p from the previous day's close...

business overall was generally subdued owing to the Jewish holiday.

South African Golds were marked up at the outset, as bullish rallied from depressed levels in New York overnight... Cheaper-priced issues provided a number of firm features, notably East Dagenfontein, which jumped 2 1/2 to a 1984 high of 49 1/2 following persistent Johannesburg buying interest...

NEW HIGHS AND LOWS FOR 1984

Table with columns: NEW HIGHS (70), NEW LOWS (22), Series, Vol., Last, Aug., Last, Nov., Last, Stock

EQUITIES

Table with columns: Stock, 1984, High, Low, Change, % of

FIXED INTEREST STOCKS

Table with columns: Issue, Price, High, Low, Stock, Change, % of

"RIGHTS" OFFERS

Table with columns: Issue, Price, High, Low, Stock, Change, % of

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of Shares, Mon. Close, % Change

RISES AND FALLS YESTERDAY

Table with columns: Stock, Rise, Fall, Same, % Change

FL-SE 100 INDEX

Table with columns: Date, Value, % Change

LONDON TRADED OPTIONS

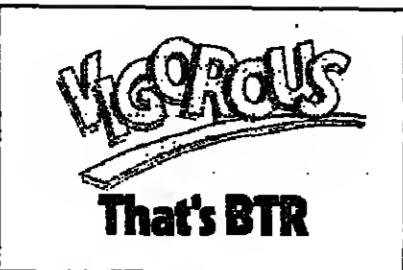
Table with columns: Option, Apr., July, Oct., Apr., July, Oct., Calls, Puts

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, Aug., Last, Nov., Last, Stock

COUPON BOND CHANGES

Low 2 1/2% to 9 3/4%, Medium 10% to 12% and High 12 1/2% to 15%



FT LONDON SHARE INFORMATION SERVICE

HOTELS - Continued

Table of hotel shares including names like Dorset Hotel, Grosvenor Hotel, and their respective prices and changes.

BRITISH FUNDS

Table of British funds categorized by 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years', listing fund names and performance metrics.

Table of 'Over Fifteen Years' funds, listing fund names and performance metrics.

Table of 'Undated' funds, listing fund names and performance metrics.

Table of 'Index-Linked' funds, listing fund names and performance metrics.

Table of 'CORPORATION LOANS', listing loan names and performance metrics.

Table of 'COMMONWEALTH AND AFRICAN LOANS', listing loan names and performance metrics.

Table of 'LOANS' including 'Building Societies' and 'Hire Purchase, Leasing, etc.', listing loan names and performance metrics.

Table of 'Public Board and Ind.' loans, listing loan names and performance metrics.

Table of 'Financial' loans, listing loan names and performance metrics.

Table of 'FOREIGN BONDS & RAILS', listing bond names and performance metrics.

AMERICANS

Table of American stocks, listing company names, prices, and changes.

Table of 'CANADIANS' stocks, listing company names, prices, and changes.

Table of 'BANKS, HP & LEASING' stocks, listing company names, prices, and changes.

Table of 'INT. BANK AND O'SEAS GOVT STERLING ISSUES' stocks, listing company names, prices, and changes.

Table of 'CORPORATION LOANS' (continued), listing loan names and performance metrics.

Table of 'COMMONWEALTH AND AFRICAN LOANS' (continued), listing loan names and performance metrics.

Table of 'LOANS' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

Table of 'FOREIGN BONDS & RAILS' (continued), listing bond names and performance metrics.

Table of 'Public Board and Ind.' (continued), listing loan names and performance metrics.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stocks, listing company names, prices, and changes.

Table of 'BANKS, HP & LEASING' (continued), listing company names, prices, and changes.

Table of 'INT. BANK AND O'SEAS GOVT STERLING ISSUES' (continued), listing company names, prices, and changes.

Table of 'CORPORATION LOANS' (continued), listing loan names and performance metrics.

Table of 'COMMONWEALTH AND AFRICAN LOANS' (continued), listing loan names and performance metrics.

Table of 'LOANS' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

Table of 'FOREIGN BONDS & RAILS' (continued), listing bond names and performance metrics.

Table of 'Public Board and Ind.' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

DRAPERY & STORES - Cont.

Table of drapery and stores stocks, listing company names, prices, and changes.

Table of 'BANKS, HP & LEASING' (continued), listing company names, prices, and changes.

Table of 'INT. BANK AND O'SEAS GOVT STERLING ISSUES' (continued), listing company names, prices, and changes.

Table of 'CORPORATION LOANS' (continued), listing loan names and performance metrics.

Table of 'COMMONWEALTH AND AFRICAN LOANS' (continued), listing loan names and performance metrics.

Table of 'LOANS' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

Table of 'FOREIGN BONDS & RAILS' (continued), listing bond names and performance metrics.

Table of 'Public Board and Ind.' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

ENGINEERING - Continued

Table of engineering stocks, listing company names, prices, and changes.

Table of 'BANKS, HP & LEASING' (continued), listing company names, prices, and changes.

Table of 'INT. BANK AND O'SEAS GOVT STERLING ISSUES' (continued), listing company names, prices, and changes.

Table of 'CORPORATION LOANS' (continued), listing loan names and performance metrics.

Table of 'COMMONWEALTH AND AFRICAN LOANS' (continued), listing loan names and performance metrics.

Table of 'LOANS' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

Table of 'FOREIGN BONDS & RAILS' (continued), listing bond names and performance metrics.

Table of 'Public Board and Ind.' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

INDUSTRIALS (Miscel.)

Table of industrial stocks, listing company names, prices, and changes.

Table of 'BANKS, HP & LEASING' (continued), listing company names, prices, and changes.

Table of 'INT. BANK AND O'SEAS GOVT STERLING ISSUES' (continued), listing company names, prices, and changes.

Table of 'CORPORATION LOANS' (continued), listing loan names and performance metrics.

Table of 'COMMONWEALTH AND AFRICAN LOANS' (continued), listing loan names and performance metrics.

Table of 'LOANS' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

Table of 'FOREIGN BONDS & RAILS' (continued), listing bond names and performance metrics.

Table of 'Public Board and Ind.' (continued), listing loan names and performance metrics.

Table of 'Financial' (continued), listing loan names and performance metrics.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like BHP, Anglo American, and various mining and resource firms.

LEISURE—Continued

Table of leisure and consumer goods stocks including companies like Unilever, Nestle, and various food and beverage firms.

PROPERTY—Continued

Table of real estate and property-related stocks including companies like British Land, Guinness, and various investment trusts.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various funds and trusts such as the British Land Investment Trust and Guinness Investment Trust.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like Shell, BP, and various energy and utility firms.

DAIWA SECURITIES logo and branding.

MINES—Continued

Table of mining stocks including companies like Anglo American, BHP, and various metal and coal producers.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Rolls Royce, BAE Systems, and various engineering firms.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Leyland, Daimler-Benz, and various truck manufacturers.

Components

Table of component stocks including companies like Ford, General Motors, and various automotive parts suppliers.

SHIPPING

Table of shipping stocks including companies like P&O, Cunard, and various shipping lines.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like Burberry, Prada, and various fashion retailers.

NOTES

Notes section providing additional information and commentary on the market and specific stocks.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks including companies like News International, Newsprint, and various media firms.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Newsprint, Newsprint, and various media firms.

TEXTILES

Table of textile stocks including companies like J. & F. Baker, J. & F. Baker, and various textile manufacturers.

TOBACCO

Table of tobacco stocks including companies like British American Tobacco, J. & F. Baker, and various tobacco firms.

PLANTATIONS

Table of plantation stocks including companies like United Plantations, United Plantations, and various plantation firms.

TEAS

Table of tea stocks including companies like United Plantations, United Plantations, and various tea firms.

MINES—Central Rand

Table of central rand mining stocks including companies like Anglo American, BHP, and various metal producers.

MINES—Eastern Rand

Table of eastern rand mining stocks including companies like Anglo American, BHP, and various metal producers.

MINES—Far West Rand

Table of far west rand mining stocks including companies like Anglo American, BHP, and various metal producers.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies from various European countries.

OPTIONS—3-month call rates

Table of 3-month call options including various financial instruments and derivatives.

INSURANCES

Table of insurance stocks including companies like British American Insurance, British American Insurance, and various insurance firms.

PROPERTY

Table of property stocks including companies like British Land, Guinness, and various real estate firms.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various investment trusts and financial firms.

OIL AND GAS

Table of oil and gas stocks including companies like Shell, BP, and various energy firms.

DIAMOND AND JEWELRY

Table of diamond and jewelry stocks including companies like De Beers, De Beers, and various jewelry firms.

CENTRAL AFRICAN

Table of central african stocks including companies from various African countries.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Allied Unit Trusts, and others, including their names, managers, and contact information.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts with columns for Name, Manager, and other details. Includes entries like Crown Life Unit Trust, Devonport Unit Trust, and many others.

Table listing insurance companies and their details, including names like Abbey Life Assurance, Alliance Assurance, and others.

INSURANCES

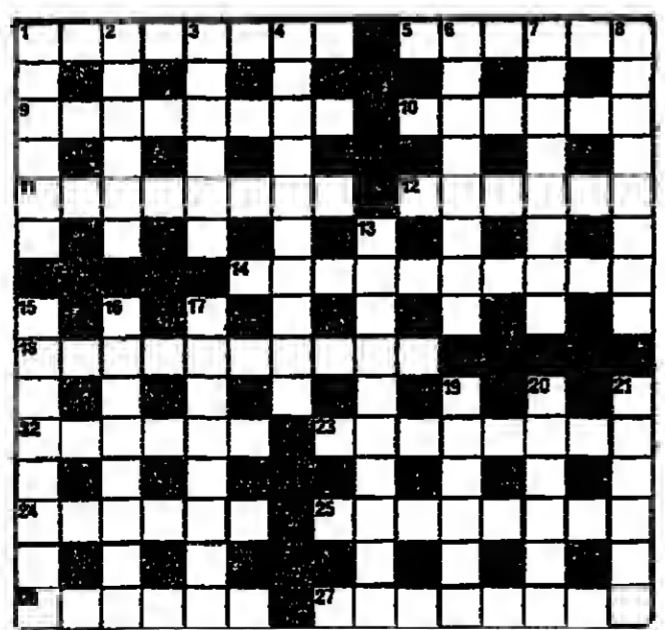
Table listing insurance policies and services, including details on various insurance types and providers.

Insurances—continued

Continuation of insurance listings, including companies like Albion Life Assurance and others.

F.T. CROSSWORD PUZZLE No. 5396

- ACROSS
1 Not found in cheap sort of monument (8)
5 Fold when about to go in a box (6)
9 Subsequent amendment to riot rule (8)
10 Argue against attitude after work (6)
11 Hot food taken out (8)
12 Marsh gold in a large quantity (6)
14 Draw tart cooking in operation (10)
18 People are not doing anything for it (10)
22 Certainly in on the act (6)
23 Anything in doctor's doses (6)
24 Object in an attempt to be fashionable (6)
25 It's Sid's turn to experience an aversion (8)
26 Live here when he's left the team (6)
27 Infer bed should be moved as favour (8)
DOWN
1 Gracious! Is that what's left of the biscuits? (6)
2 Kind character (6)
3 Shield the sailor—understand? (6)
4 Covering Channel One, establish something fertile (10)
6 Blame the fish salesman first (8)
7 A pointless visionary having a fragrant smell (8)
8 Regular lay preachers take it (8)
13 Associate with free trains, perhaps (10)
15 At home, nurse goes round threatening (8)
16 Dr S. Dale's treatment for leather workers (8)
17 Was preset for nurse a Mr Heath brought round (8)
19 Parking, say, behind the club (6)
20 May hurry, being modest (6)
21 Mount dances which are different (6)
Solution to Puzzle No. 5395



ACROSS
10 ARGUE
11 HOT
12 MARS
14 DRAW
18 PEOPLE
22 CERTAINLY
23 ANYTHING
24 OBJECT
25 SID
26 LIVE
27 INFER
DOWN
1 GRACIOUS
2 KIND
3 SHIELD
4 COVERING
6 BLAME
7 VISIONARY
8 REGULAR
13 ASSOCIATE
15 THREATENING
16 TREATMENT
17 PRESET
19 PARKING
20 HURRY
21 MOUNT
22 SOLUTION

Offshore & Overseas—continued

Table listing offshore and overseas financial services, including companies like Gibraltar Finance and others.

Offshore & Overseas—continued

Continuation of offshore and overseas financial services listings.

Offshore & Overseas—continued

Continuation of offshore and overseas financial services listings.

Offshore & Overseas—continued

Continuation of offshore and overseas financial services listings.

Offshore & Overseas—continued

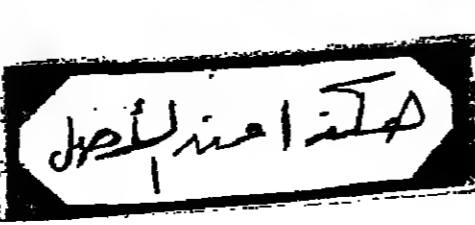
Continuation of offshore and overseas financial services listings.

Offshore & Overseas—continued

Continuation of offshore and overseas financial services listings.

Offshore & Overseas—continued

Continuation of offshore and overseas financial services listings.



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INSURANCE & OVERSEAS MANAGED FUNDS

Table of insurance and managed funds, including Barclays Life Ass., Black Horse Life Ass., British National Life Assurance Co. Ltd., and others.

Table of insurance and managed funds, including London Life Ass., London & Manchester, London Life Ass., and others.

Table of insurance and managed funds, including Standard Life Assurance Company, Standard Life Assurance Company, and others.

Table of insurance and managed funds, including Members Pacific Fund Mgmt. Ltd., Members Pacific Fund Mgmt. Ltd., and others.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including Albion Fund Management, Albion Fund Management, and others.

NOTES section at the bottom right of the page, providing additional information and disclaimers.

COMMODITIES AND AGRICULTURE

Livingstone invited to 'humane' veal unit

By Richard Mooney

MR KEN LIVINGSTONE has been invited to visit a North London veal rearing unit in an effort to persuade him that a recent decision to ban veal from Greater London Council (GLC) restaurants was based on "myth and misinformation."

The invitation has been issued by the Veal Group, part of the Veal Club, which claims to have "liberated the calf from the crate."

In a letter to the GLC leader, Mr Philip Paxman, managing director of the Veal Group, says he was "amazed" to hear that veal had been taken off the County Hall menu because of alleged ill-treatment of veal calves.

Mr Paxman claims veal rearing in Britain is now one of the most humane methods of livestock farming, thanks to the introduction of "Quantic" farmhouses "well below the ground."

Practically all British veal is raised under this system, he says, but "sadly, the majority of the British public do not know about it, and it is well-forgotten."

"As the GLC has shown, the image of veal has not caught up with the new humane facts," Quantic has nearly 100 farmers under contract rearing farmhouse veal. Between them they account for 90-95 per cent of British production, the company claims.

The farm Mr Livingstone has been invited to visit is actually rented from the GLC, which has recently provided new buildings to expand veal production.

"To provide GLC buildings and rent farms for humane Quantic veal production on the one hand while banning veal from GLC tables on the other, does seem to show a lack of consistency in GLC policy," Mr Paxman says.

Letter outlining details of milk quota leaves a sour taste

John Cherrington talks to an anguished dairy farmer

MY DAIRY farmer friend expected that the milk quota would be nasty but he was shocked yesterday by the reality spelled out in a letter from the Milk Marketing Board.

It told him that his quota for the year beginning April was last year's output less 9 per cent. In addition, due to an increase in the co-responsibility levy the price he received per litre would be slightly reduced. By how much he wasn't sure.

He has a very good herd with a field of more than 6,000 litres per cow and the quota would cost him more than £14,000 or £20 per cow in a full year. Provided he was at his production at the same level as in the year just ended.

His immediate reaction is to cut production to quota level

by reducing the amount of compound feed. But this isn't as simple as it sounds. A cow is not a machine turning out milk in direct relation to feed input.

Seasonal factors influence both feed quality and animal behaviour and indirectly milk production. The last thing he wants to do is to cut his output below the quota level.

He could reduce the number of cows, but at this time of the year they are not easy to cull and having been in milk most of the winter are not as fit as they should be to make a good price for beef.

Most cows calve in the early autumn, but he has no idea what the trade for milking

cows would be then and as his are already in calf he cannot fatten them for the butcher.

Like many herds, his is milked on an incentive basis so so much a litre produced will his herdsmen have to be induced to reduce the output of each cow by a sort of negative incentive scheme? His most likely response will be an arbitrary reduction in compound consumption and an increasing use of farm-grown forage which might avoid the supervisory leasing the numbers intact.

His alternative would be to reduce the herd by about 20 cows and their replacements. This would release 30 or 40 acres for cereal growing. It is fortunate in having an acre and the returns from this

might go some way to meeting the loss in milk income.

He is much better placed than another farmer on a small acreage who reached peak production in 1981 and was unable to increase output further. His 1983 production has been cut by 9 per cent and he has no arable alternative to milk.

He would have been happy to have had a quota standard of 1981 plus 1 per cent as suggested by the EEC Commission.

The choice was not his, however. Mr Jopling the Agriculture Minister, chose in his wisdom to go for the 1983 option, mainly because 93 per cent of farmers had been expanding production over the last

three years.

He also chose to fix the quota on the basis of delivery to the dairy, which in Britain means the Milk Marketing Board. This meant that the supervisory would be 100 per cent as against 75 per cent for an on-farm quota.

This farmer is particularly bitter because it seems he cannot be classed as a case deserving special treatment. There is provision in the arrangements for farmers who failed to reach an acceptable level of production in 1983. These include disease, farmers increasing output as a result of unusually funded grants and new farmers.

Funding for this comes from the supervisory, 2 1/2 per cent of the 9 per cent being reserved for this purpose. The milk board is also looking for some flexibility by evening out supplies between farmers who are over and under producing.

Opposition to U.S. plan to sell silver

By Nancy Dunne in Washington

A PROVISION in House legislation calling for the sale of 10m ounces of silver next year from the U.S. National Defence stockpile will run into stiff opposition in the Senate even if it ultimately passes in the House.

The House armed services committee last week approved the sale to raise money for the purchase of new materials. The stockpile transactions funds is due to run out of cash next year unless the General Services Administration is allowed by Congress to sell excess materials to provide an infusion of new funding.

Senator Jim McClure, influential Idaho Republican, who has steadfastly fought off all attempts to sell Government silver, has said he will take whatever steps are necessary to block the disposal of stockpiled silver by auction.

The Administration is said to be ready to make some sort of proposal to the Senate. A report analysing silver disposals was required by Congress in 1982, but it was suppressed by then Interior Secretary James Watt.

Unless such a report is released, no sales can be held according to a 1982 law. However, interior department officials are reportedly still unwilling to submit the report to the Senate.

McClure has received the backing of ten other Western Senators for legislation authorising the mining of coins from silver held in Government stockpiles. The claim is that the Senator would safeguard any disruption of the silver market.

He is pressing Mr William Clark, the Interior Secretary, and Mr David Stockman, director of the Office of Management and Budget, to support his legislation.

Australian agriculture predictions

By Colin Chapman in Sydney

THE AUSTRALIAN Government's Bureau of Agricultural Economics forecast yesterday that the sharp improvement in the rate of the drought would come to an abrupt halt because of rising costs.

The bureau said that it expected that the value of rural output could slip by as much as 30 per cent next year.

But this financial year, ending on June 30, should have rural production rising by A\$ 3.45bn to A\$14.75bn with the increase largely attributable to a record grain crop of 21m tonnes.

Grain exports, and a solid performance by wool and sugar, is expected to push the value of rural exports up A\$700m to A\$8.05bn.

The National Farmers' Federation says most of its members are using the extra cash to repay huge loans taken out during the drought.

Counting sheep for dream holiday

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND farmers have the chance of a free holiday at Hawaii's push Beach Fun Hotel if they simply carry out their normal farming activities and send their sheep or lambs to the processing works in the next few weeks.

The offer from Bortwick's indicates the severe drop in the number of animals being sent for processing in the first six months of this season.

At the halfway point in March, only 14,89m lambs had been sent for processing. At the same time last year 22.66m had been processed for export. Last year, New Zealand exported 35m lambs. The estimate for this year is 33m.

The good growing season, along with a drop in the national sheep and cattle herd means farmers are holding stock longer.

For the first six months of the season, the lamb kill was down

9 per cent and beef and veal down 33 per cent.

Bortwick's, faced with high overhead and labour costs, needs a continuing flow of stock to keep operations viable.

To encourage farmers to move their animals to the freezing works, it has launched a drive of promotion more usually associated with consumers.

A flood of TV advertisements show the attractions of a Hawaiian holiday, from bikini-clad sun worshippers to exotic night life. To enjoy all this the farmer has only to pick up the telephone and offer some of his stock for sale.

Despite this encouragement exports of New Zealand meat will be well down this season with less lamb, mutton, beef and veal being processed.

Lamb exports for the season ending next September are expected at 48,000 tonnes compared with 46,500 tonnes last

World sugar estimate increased

P.O. LIGHT, the West German statistics organisation, has increased its estimate of 1983/84 world sugar production by 1.07m tonnes. It now puts 1983/84 production at 96,200,000 tonnes (new value) up from 95,137,000 tonnes estimated in January.

Soviet production is put at 8.7m against 7.4m in 1982/83, with Cuba's at 7.7m against 7.2m tonnes.

On the London futures market yesterday the August position ended \$3.50 down at \$17.30 a tonne reflecting continued lack of physical demand in a well supplied market.

Coffee futures continue to recover

By Our Commodities Staff

THE RECOVERY in London coffee futures values continued yesterday with the NYMEX closing \$30.50 up on the day at \$2,060.50 a tonne.

The July price has now increased \$73 in three trading days following last week's setback which was induced by the International Coffee Organisation's decision to bring forward 1m bags (60 kilos each) of the July/September export quota into the current quarter as an attempt to ease the shortage of supplies available for nearby delivery.

The ICO confirmed yesterday that the increase in April/June export quotas had already come into effect. The Senator claims it said the only parts of the quarterly quota not immediately available were the two tranches of 1m bags which are withheld until the middle of May and June respectively. In case falling prices trigger a quota cut.

PRICE CHANGES

Table with columns: In tonnes, Apr. 17, + or - 1984, Month ago. Rows include Metals (Aluminium, Copper, Lead, Tin), Grains (Wheat, Barley, Oats), and other commodities.

BRITISH COMMODITY PRICES

Table with columns: a.m., p.m., Official, Unofficial. Rows include BASE METALS (Copper, Zinc, Lead, Tin), COPPER, and TIN.

BASE METALS

Table with columns: a.m., p.m., Official, Unofficial. Rows include BASE-METAL PRICES (Copper, Zinc, Lead, Tin).

WEEKLY METALS

Table with columns: a.m., p.m., Official, Unofficial. Rows include ALL prices as supplied by Metal Bulletin.

INDICES

Table with columns: Apr. 16(Apr. 15) 1984 Year Ago, Apr. 16(Apr. 15) 1984 Year Ago. Rows include FINANCIAL TIMES, REUTERS, BODYS, and DOW JONES.

AMERICAN MARKETS

Table with columns: Apr. 18, Apr. 17, Apr. 16. Rows include SOYABEAN MEAL, NEW YORK, ALABAMA, and CHICAGO.

LONDON OIL

A very quiet morning followed a slightly weaker oil market. Physicals offered no influence and the market hardly moved until a weak New York pushed prices to the lower where they remained until the close.

SPOTS PRICES

Table with columns: Latest, Change. Rows include CRUDE OIL (FORB), Arabian Light, Arabian Heavy, North Sea, African.

PRODUCTS—North West Europe

Table with columns: a.m., p.m., Official, Unofficial. Rows include Premium gasoline, Heavy fuel oil.

GAS OIL FUTURES

Table with columns: a.m., p.m., Official, Unofficial. Rows include High Grade, Low Grade.

LONDON OIL

Gold felt slightly in very quiet trading on the London bullion market. It closed at \$380.380, a fall of \$1 1/2 on the day, after opening at the same level and ending with a narrow range of \$379.1380 to \$380.380. The metal was fixed at \$380.30 in the morning, and \$380.20 in the afternoon.

LONDON FUTURES

Table with columns: a.m., p.m., Official, Unofficial. Rows include April, June, August, October, February.

LEAD

Lead—Morning: Cash £330.30, 3 months £336.50, 6 months £342.75, 9 months £349.00.

ZINC

Table with columns: a.m., p.m., Official, Unofficial. Rows include Cash, 3 months, 6 months, 9 months.

ALUMINIUM

Aluminium—Morning: Cash £920.50, 3 months £926.50, 6 months £932.50, 9 months £938.50.

NICKEL

Table with columns: a.m., p.m., Official, Unofficial. Rows include Cash, 3 months, 6 months, 9 months.

COCOA

Cocoa—Morning: Cash £1,050.00, 3 months £1,055.00, 6 months £1,060.00, 9 months £1,065.00.

RUBBER

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

EUROPEAN MARKETS

Table with columns: ROTTERDAM, April 17. Rows include Wheat, Maize, Barley, Oats.

WOOL FUTURES

Table with columns: a.m., p.m., Official, Unofficial. Rows include Stowey Greasy Wool, Australian, New Zealand.

LONDON NEW ZEALAND CROSSLERS

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

WHEAT

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

MAIZE

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

BARLEY

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

WHEAT

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

MAIZE

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

BARLEY

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

OATS

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

RYE

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

WHEAT

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

WHEAT

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

MAIZE

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

BARLEY

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

OATS

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

RYE

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

WHEAT

Table with columns: a.m., p.m., Official, Unofficial. Rows include No. 1, No. 2, No. 3.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 17.

U.S. DOLLAR	Issue	Yield	Price	Change
STRAIGHTS	Alstom 11 1/2% 84	100	98 1/2	+0 1/2
	American Ecology 12 1/2% 84	100	100 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2

YEN STRAIGHTS	Issue	Yield	Price	Change
STRAIGHTS	Alstom 11 1/2% 84	100	98 1/2	+0 1/2
	American Ecology 12 1/2% 84	100	100 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2
	Austrobank 11 1/2% 84	100	97 1/2	+0 1/2

CAPITAL MARKETS

Postipankki launches first zero coupon Ecu issue

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

POSTIPANKKI, the Finnish bank, yesterday launched the first zero coupon bond denominated in European currency units (Ecu), the currency unit of the E.C.C.

It is raising Ecu 50m through a pre-priced issue which will be redeemed at 210 per cent on maturity in 1989. This gives an effective annual yield of 10.57 per cent. The bond is led by Banque Indosuez alongside Abu Dhabi Investment Company, Daiwa Europe, Kreditbank Luxembourg and Postipankki.

Use of the zero coupon structure is designed to give the issue an appeal to investors, such as Scandinavian institutions, who do not normally buy Ecu bonds but the tax advantages of capital gains as against current income. Initial response was generally more positive than with some other recent Ecu bonds and the paper was quoted within its total 1 1/2 per cent selling concession.

This is despite the fact that the Ecu bond market is overloaded with new paper. Next week the space of 150m, eight-year public issue with an Ecu 10m loan for Luxembourg's Societe Nationale de Credit d'Investissement. This will be Luxembourg's first international bond borrowing and it is designed to fr-

BHF Bank bond average		
April 17	1983-84	1982-83
High	98.75	98.75
Low	100.00	98.00

Jordan seeks \$200m

BY OUR EUROMARKETS CORRESPONDENT

JORDAN is expected to tap the Eurocredit market for a medium-term loan of about \$200m later this year, bringing a rare opportunity for banks to subscribe to a loan by a Middle Eastern borrower.

Jordan has not borrowed in the syndicated loan market since early 1982, when it raised \$225m through a group of banks led by Arab Bank Investment Corporation and Arab Bank Ltd. The seven-year loan bore an interest margin of 1/4 per cent over Eurodollar rates.

Its new operation remains to be mandated and the timing is still uncertain, but interest is expected to be lively.

Arab banks, which subscribed about 60 per cent of last year's borrowing, are again likely to play a prominent role in the new operation, although it is expected to be syndicated internationally.

OVER-THE-COUNTER

Stock	Symbol	High	Low	Last	Chg
Continued from Page 36					
Alstom	AL	100	98 1/2	98 1/2	+0 1/2
American Ecology	AE	100	100 1/2	100 1/2	+0 1/2
Austrobank	AB	100	97 1/2	97 1/2	+0 1/2
Banque Indosuez	BI	100	100 1/2	100 1/2	+0 1/2
Daiwa Europe	DE	100	100 1/2	100 1/2	+0 1/2
Kreditbank Luxembourg	KL	100	100 1/2	100 1/2	+0 1/2
Postipankki	PO	100	100 1/2	100 1/2	+0 1/2
U.S. DOLLAR					
Alstom	AL	100	98 1/2	98 1/2	+0 1/2
American Ecology	AE	100	100 1/2	100 1/2	+0 1/2
Austrobank	AB	100	97 1/2	97 1/2	+0 1/2
Banque Indosuez	BI	100	100 1/2	100 1/2	+0 1/2
Daiwa Europe	DE	100	100 1/2	100 1/2	+0 1/2
Kreditbank Luxembourg	KL	100	100 1/2	100 1/2	+0 1/2
Postipankki	PO	100	100 1/2	100 1/2	+0 1/2

LADBROKE. FROM W.1. TO WALLST.

Wall Street will soon have a new landmark. A 640,000 sq. ft. American HQ for Barclays Bank International Ltd.

The developers? The Ladbroke USA property division. This exciting project joins a long list of Ladbroke developments.

In New York there's the 35 storey Manhattan Tower on Lexington Avenue due for completion in September.

In Westchester, New York State, a major office park is being built.

In the UK Ladbroke is creating luxury offices at 100 Piccadilly, W1. and at the Savoy.

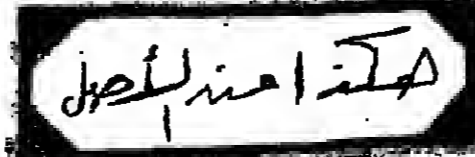
Property is one of Ladbroke's fastest growth businesses. In 1983 it contributed profits of £8.4m after interest.

Total Group pre-tax profit for 1983, subject to final audit and before allocation to the employee share scheme, was £42.4m.

Ladbroke is one of Britain's top 100 and Europe's top 200 companies.

There's more to Ladbroke than people think.

Ladbroke Group PLC
Hotels-Property-Leisure-Retailing



هكذا صدق القول

Norway

How best to apply its North Sea oil and gas wealth has become the overriding question in Norway's political and economic thinking

Quest for popular consensus

By Kevin Done
Nordic Correspondent

NORWAY, the fifth largest country by land area in Europe but with a population of only 4.3m, can look forward to several decades of prosperity thanks to its North Sea oil and gas wealth. It faces searching challenges, however, in managing this wealth while maintaining the competitiveness of its traditional industries, which have been losing foreign market shares steadily since the early 1970s.

The Conservative Party under Mr Kåre Willoch tried to address these issues when it took over the reins of power as a minority Government after the election of September 1981. It was felt that inflation was running out of control and with a strong swing to the Right shown by the electorate it appeared that backing had been received for measures to tighten economic policy.

Such ambitions have been thrown off course over the last two-and-a-half years, however, as the minority Government ran into trouble in securing the necessary parliamentary support for its policies and as important elements of the economy developed less

favourably than hoped. Immediately after the last election the Conservatives failed to put together the expected majority non-Socialist coalition with the Centre and Christian Democratic parties but it took office on the basis of support from these two parties in the Storting, the Norwegian Parliament. Initially disagreements over the abortion issue prevented the Christian Democrats from entering the Government. The need to gain support from the two smaller parties has lessened the Conservatives' room for manoeuvre and this need to seek compromise with the other non-Socialist parties has hardly been reduced since the three moved together to form a coalition in June last year.

Public dilemma

Ever since the election the Conservatives have been caught in the dilemma of how to rein in public spending, tighten monetary policies and bring inflation more under control, while at the same time not exacerbating the problem of rising unemployment.

Norway's unemployment rate hit a seasonal peak of 4.7 per cent in January—would be the envy of most other industrialised countries but domestically such a number out of work is a heavy political liability. Despite their ambi-

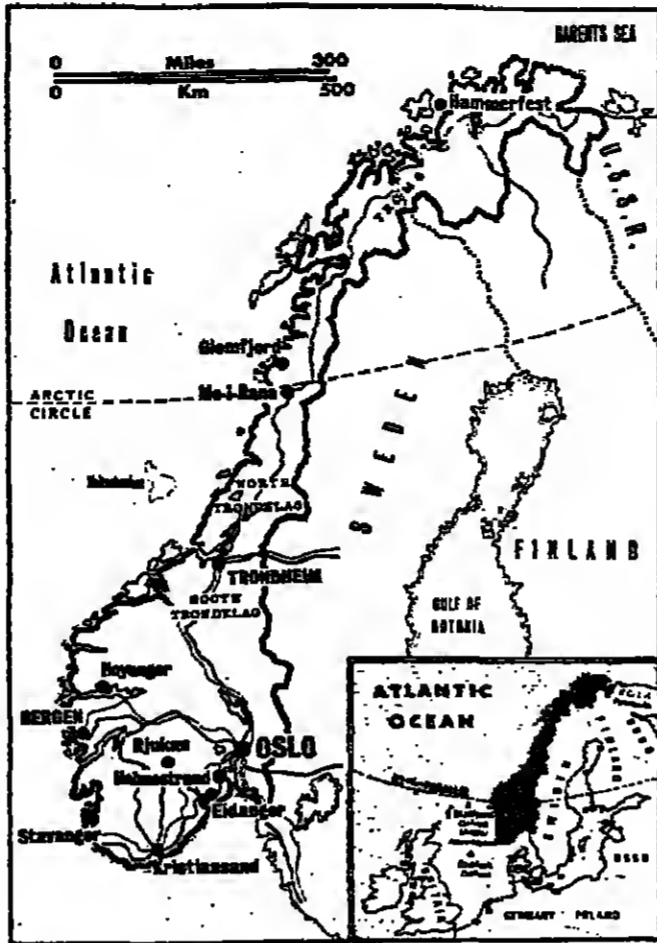
tions the outcome of the two Governments' economic policies since the end of 1981 has been a moderately expansionary fiscal stance.

The administration has gone some small way towards cutting taxes, including personal income tax, but measures aimed at stimulating the private sector, holding back public expenditure and improving the country's competitive position have not gone nearly as far as its supporters initially hoped.

Instead, increasing funds are being poured into short-term measures to stop the rise in unemployment, with the emphasis on labour market relief programmes. At times it has become hard to distinguish the actions of the non-Socialist Government from its Labour Party predecessors and perhaps as a result the Conservatives in particular have performed badly both in local elections last autumn and in a string of opinion polls.

In last September's local elections the Conservative Party in particular suffered losses both to the Labour Party and to the Right-wing tax-protest movement, the Progress Party. Such a mid-term electoral test is hardly reliable evidence of what would happen in a general election but on the basis of last September's polls the non-Socialist coalition would be voted out of office.

The next general election is due in the autumn of 1985 and it is already clear that Labour Party strategists are keen to fight the campaign on the Government's economic record and its failure to do more to combat unemployment. "The 1985 election will be about full employment," argues Mr Einar Førde, deputy chairman of the Labour Party and a former Minister of Education. "Before 1981 we did not have any unemployment, you could point to it as a fear of something that could come but it was a non-issue until it happened. It is very hard to get the Norwegian electorate used to unemployment. They demand full employment, that is what the 1985 election will be about. We are very interested to fight on this ground." The Conservatives face the difficulty of convincing Norwegian voters that the problem of unemployment—if this is indeed public enemy



Economy: moderate recovery
Banking: controls eased
Foreign policy: unity desire
Stock market: prices lifted
Trade: highest surplus
Oil and gas: long-term policy
Oseberg: oil for 1990s

ON OTHER PAGES

II Gullfaks: second phase
II Troll: deepwater giant
III Sleipner: supply to Britain
IV Offshore supply: growth likely
IV Shipping: more optimistic
V Industries: export revival
V Norsk Data: world fame

ment picking up and inflation has been reduced significantly. "It seems the climate is changing," says Mr Nessheim. "There is growing optimism in business circles and we are starting to see some light at the end of the tunnel."

The challenge for the Conservatives is to present a convincing profile to the voters that distinguishes them from the Labour opposition and from the coalition partners. Senior members of the party consider that their junior colleagues in Government are all too susceptible to suggestions for spending their way out of trouble. "You can perhaps achieve better results in the short term," argues Mr Nessheim. "But it will be even worse in the years to come. It will fuel inflation and further reduce our competitiveness abroad."

Apparently in a bid to sharpen its profile for next year's election campaign the Conservative Party has recently appointed a new chairman, calling back into office Mr Erling Norvik. Mr Norvik was chairman of the party during the 1970s and took much of the credit along with Mr Kåre Willoch for the strong rise in the Conservatives' fortunes and their success in 1981 in gaining more than 30 per cent of the vote for the first time.

The Conservatives, maintains Mr Nessheim, have always said that the process of adjusting the economy would be gradual. Senior officials in the Finance Ministry add too that the administration's policy is one of many small steps rather than sweeping gestures like the neighbouring Swedish Social Democrats' dramatic 16 per cent devaluation in October 1982—incidentally another event which helped to throw the Conservatives off course in tightening economic policy.

"Everything is reacting more slowly," says one Finance Ministry official, "because our

measures are not as sweeping. The problem is getting the consensus in the population that the position is difficult. Whether such small steps are convincing electorally remains to be seen next year.

With the oil revenues flowing in increasing amounts, it is hardly surprising that it is difficult to build "crisis consciousness," and it is oil which is still the central theme of Norwegian politics. Today around 18.5 per cent of Norway's Gross National Product is derived from the oil and gas sector, compared with 0.2 per cent in 1972. The figure could increase to 25 per cent by the end of the decade. In 1972 oil and gas accounted for just 0.5 per cent of the country's exports; today the proportion is well over a third.

Highly significant

Its share of gross investment is also highly significant. In 1972 it accounted for 4.5 per cent of gross investment but this share has now risen to more than 20 per cent. The cost of just one oil platform—Statfjord B—is about the same as the total amount invested by the whole of the Norwegian manufacturing and mining industry in 1981.

"Discussion about oil is still the key to Norway," argues Mr Einar Førde. "How Norway should look for the coming generations. Oil is decisive for how Norway develops in so many ways. We are looking forward to oil production from the Continental Shelf for the next 100 years."

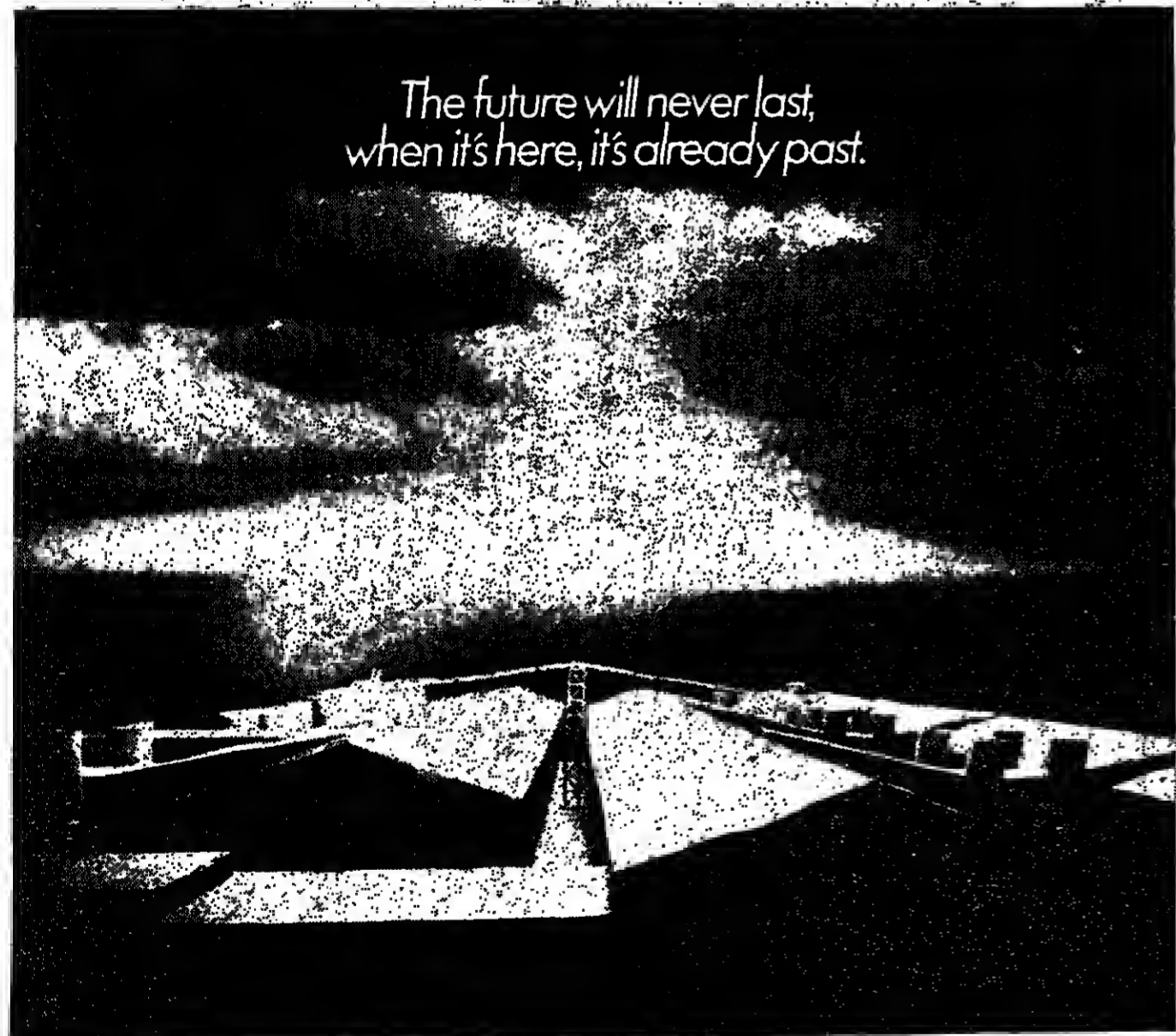
It is precisely in terms of dealing with the long-term implications of oil wealth that Norway has been least successful to date. "Regardless of the Government in power, no plan for a non-inflationary long-term investment of the huge income has been presented," Mr Leif Terje Loddosol, president of

Den norske Creditbank, wrote recently. "In fact the money has to a large extent been used to cover internal needs. The similarity with other oil exploration countries is striking. What could have been done to avoid this situation? Maybe we should have thought of this possibility in 1965 and introduced legal regulations for the usage of oil income."

Whatever form an eventual oil fund should take, most politicians are clear that there is a need for basic consensus on oil policy among the parties. "We need a minimum national unity," says Mr Førde. In this mood the Labour Party has recently made overtures to the Government which could result in an agreed policy emerging on the main current issue of controversy in Norwegian oil politics, the role of Statoil, the state oil company.

Statoil's rapid growth and its power and influence in carrying out Norwegian oil policy prompt some to liken it unkindly to a cuckoo that has outgrown its small Norwegian nest. The coalition has been committed to a reform of the company, separating its tax-collecting administrative functions from its operational role, but it is still unclear how much further it wishes to go in reducing Statoil's role and making correspondingly more room for the Norwegian private sector or indeed the foreign oil industry.

The Norwegian political debate has certainly become more controversial and polarised—seldom has the country been so divided, for example, as it was in the autumn on the issue of the deployment of intermediate range nuclear missiles in Europe—but there is still a deeply held belief in the need to reach a consensus on matters of national importance. The future of Statoil is unlikely to prove an exception.



The future will never last, when it's here, it's already past.

We would like those words to be our guide. Having worked in the future for 130 years, we know how true they are. The future never lasts. Neither do visions, ideas or solutions. It's only a question of time before tomorrow's technology belongs to yesterday. A frightening, but fascinating fact. Fascinating, because it gives you the opportunity to create. Frightening, because it demands that you remain a pioneer forever. And looking back, we've done a lot of pioneering. As early as 1920, an Elkem engineer named Soederberg developed the carbon electrode. That technology altered the development of the ferro-alloys and aluminium industries worldwide. Since then there have been many milestones. Inventions and events that gradually made us what we are: the world's largest supplier of smelting technology, the world's leading producer of ferro-alloys, and a prominent producer of two of the most important construction materials in the world, steel and aluminium.

The same pioneering spirit that has helped us become a leader in the world of metals is still encouraged throughout our company. So far, it looks good. We are developing a closed ferro-silicon furnace, which once was considered impossible. We are researching an inexpensive way to produce high-quality silicon for solar cells. We are developing a method to utilize new raw materials in the production of aluminium. Still, that's not enough. Since the future never lasts, we must keep looking ahead as the future continuously comes rolling towards us.



Middelthunsgt. 27, P.O. Box 5430, Oslo 3, Norway.
Telephone: 47/2/46 68 70. Telex: 78 229 elkem n.

Our headline has been borrowed freely from "Brand," a play by Henrik Ibsen, one of Norway's foremost playwrights. Elkem is one of Europe's major metals producers specialising in ferro-alloys, steel and aluminium. Elkem is also heavily involved in engineering and is the world's largest supplier of electric smelting furnaces, and other production equipment for the ferro-alloys industry. This is the last ad in a series about the future and Elkem. If you want a print of this series, please call or write Elkem.

The massive 700 years old Akerhus fortress has dominated Norway's history just as it dominates the sea approach to the nation's capital. It is now the home of two important national museums and is the last resting place of King Haakon VII.

Akershus is a fitting symbol of Norway's fourth largest bank, Sparebanken Oslo Akershus. Its origins can be traced back to 1822 and it is thus the oldest private bank in Norway. Sparebanken Oslo Akershus was incorporated under its present name following the

merger of fifteen banks in Oslo and the neighbouring county of Akershus. In recent years the Bank's growth has been strong, trebling its equity capital and quadrupling its operating profit since 1980.

Sparebanken Oslo Akershus has been one of the pioneer banks responsible for developing the Eurokroner bond market. The Bank created the Viking Bond and has lead managed several successful Eurokroner issues.

The Bank has developed a strong foreign exchange and treasury activity, and is a leading market maker in Norwegian Kroner operations.



P.O. Box 1175 Sentrum, Oslo, Tordenskioldsgate 8-10, Oslo 1, Norway. Telephone: 472 31 90 50.



Oslo's Akershus.

Norway's rugged symbol of banking strength.

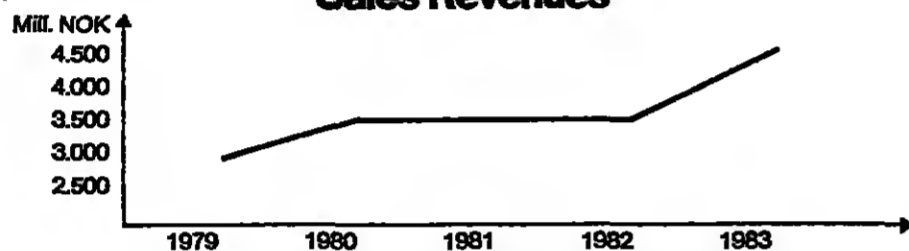
Aluminium upswing

1983 brought the aluminium industry out of a serious period of recession. Consumption world-wide increased by a good 9% from the previous year, and prices showed a marked improvement from early in the year. Extensive rationalization measures introduced during the down period enabled ASV to make a good profit in 1983, but the full effect of these measures will not be seen until 1984. ASV's production capacity for primary aluminium is 378,000 tonnes per year, which is one half of Norway total. ASV's output of primary aluminium in 1983 came to 326,500 tonnes, of which 83,500 tonnes further processed to semis. Over 85% of the production is exported. Sales of fabricated products account for 40% of the ASV Group's total sales revenues.

Some key figures for the ASV Group

	1979	1980	1981	1982	1983
Production, primary aluminium, thousand tonnes	315	315	306	310	327
Production, semis, thousand tonnes	77	81	74	66	84
Sales revenues, total, mill. USD	612	726	601	565	642
Operating result, mill. USD	93	113	33	+ 17	75
Result before year-end adjustments, mill. USD	43	52	+ 11	+ 85	23
Interest on total capital, %	16.0	15.5	4.6	+ 4.1	12.9
Interest on equity, %	33.6	39.2	+ 9.6	+ 73.6	18.2
Profit per share, USD	101	136	+ 22	+106	46

Sales Revenues



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NORWAY II

Kevin Done reports a welcome rise in traditional exports alongside oil and gas Economy enjoys moderate recovery

THE NORWEGIAN economy is enjoying a moderate, export-led recovery, having apparently passed the low point in the cyclical trough last summer. Prospects for growth this year are being revised upwards — Gross Domestic Product (GDP) could rise by 2-3 per cent in 1984 according to the latest forecasts and last year's overall performance also proved to be far stronger than earlier thought.

Between 1971 and 1981 the growth in GDP averaged 4.3 per cent a year — buoyed in the latter part of the period by steeply rising production of oil and gas — and the country achieved a growth rate substantially higher than the OECD average of 3.1 per cent or the 2.6 per cent of the European OECD states. Again last year Norway outperformed the OECD average with a growth in GDP of 3.3 per cent following the virtual stagnation of the two previous years.

The picture is distorted, however, by the strong surge in oil and gas production last year to 55m tonnes, an increase of 15 per cent thanks to the output from the giant Statfjord Field. Oil activities have assumed an overwhelming importance in the Norwegian economy — their share in GDP rose to 18.5 per cent last year from 17 per cent in 1982 — and the oil sector now outshines contribution of manufacturing industry, which accounts for only 13.7 per cent.

In terms of employment the oil sector still plays a subordinate role, however, and to secure jobs it is vital that Norway manages to solve some of the more intractable problems facing its mainland industry.

Last year the fall in the GDP of industries producing for the domestic market was even greater than in the two previous years, the result mainly of a decline of more than 15 per cent in shipbuilding output. Overall manufacturing production fell by 1 per cent. It was in decline from the spring of 1981 and only began to show signs of picking up again last summer.

By the last quarter of 1983 manufacturing production was showing a rise of 2 per cent over the corresponding period of 1982 but the overall figures conceal big differences in the performance of various sectors of industry. Production in the export industries rose far more strongly than output in

the sheltered sectors or those competing with imports.

The main impetus to growth in recent months has been the big rise in foreign demand for Norwegian raw materials and semi-manufactures — plus a rise in investment, particularly in the oil industry. Public consumption grew in 1983 too, despite earlier indications from the Conservative Government that it was seeking to tighten control of public spending.

Exports moved ahead rapidly during 1983 and towards the end of the year volume was 15-20 per cent higher than a year earlier. The upturn was confined almost exclusively, however, to raw materials and semi-finished goods and the export volume for finished products was also felt by producers of iron and steel, aluminium and in the wood processing sector. The exports volumes for fish and fish products has also climbed sharply.

The volume of imports fell back during the winter half of 1982-83, influenced by cuts in manufacturing industry stocks and declining manufacturing investment. During the second half of 1983 imports started to pick up again, however, and by the end of 1983 imports were back around the 1982 level.

Manufacturing investment passed a peak in 1981 and has since gone into steep decline. Even the high level of 1980-81 was not maintained. Completion of a few major investment projects rather than generally buoyant activity, the low investment figures for 1982 and 1983 were due to a general decline in manufacturing investment.

The investment picture has its bright spots, however, particularly in the oil sector. The volume of gross investment in oil and gas production and in pipeline systems jumped by 64 per cent between 1982 and 1983. According to the Central Statistical Bureau the strongest impetus to growth in manufacturing industry came from the building of the Gullfaks A and Statfjord C oil production platforms.

According to Mr Knut Getz-Wold, Governor of the Bank of Norway (the central bank), the major problems facing the economy are unemployment, the decline in investment in traditional manufacturing industry and the deterioration in Norway's competitive position.

Unemployment reached a peak in January of 4.7 per cent with around 80,000 out of work, some 12,400 more than a year earlier. The unemployment level is still among the lowest in the industrialised world and what Norway considers to be problems would be the envy of many other countries.

The fact remains, however, that in a country that has become used to full employment, that enjoys the second highest level of wealth after Switzerland in the industrialised world and sees more over the plentiful revenues pouring in from the offshore oil and gas production, the current levels of unemployment are politically unacceptable.

Many would argue that already too great a part of the oil revenues have been devoted to propping up sectors of industry that otherwise would be unviable. Subsidies in various forms to areas such as manufacturing industry, agriculture and fishing, food processing and transport have jumped to around 8 per cent of GDP.

Mr Harald Nordahl, an economist at Den norske Creditbank, claims that in around 60,000 industrial jobs, or a fifth of the industrial sector, wages alone account for more than 80 per cent of the value added. "It is a growing problem. We have a lot of very unprofitable industry. We have to restructure to activities that can yield enough to pay the wages. We have to restructure industry to follow international markets. We cannot continue to hold them up until they fall around us."

The unemployment consequences of such policies cannot be accepted in Norway, however. Already during the mid-1970s the Labour administration had decided to start spending the oil revenues before they had been earned in order to cushion the Norwegian economy from the recession. The current Conservative administration took over office in 1981 intent on following far less expansionary economic policies but it too has run into problems of juggling the demand for measures to

	1982	1983
Exports	155,726	177,287
Imports	155,726	177,287
Surplus	4,778	13,234

	December 1982	January 1983	December 1983	Change
Imports	8,237	8,855	89,725	80,888
Exports	816	129	6,567	6,441
Drilling & production platforms	54	86	3,455	3,275
Total	8,197	8,261	96,747	88,491

combat rising unemployment against the need to contain rising domestic costs and lower subsidies to industry.

The national budget programme, was characterised as "a moderate tightening" for 1983 — with similar recipes for 1984 — but in fact policy has proved to be moderately expansionary and the three-party Centre-Right coalition can expect to have to fight next year's election on its economic record and the success or failure of its policies to contain unemployment.

Mr Knut Getz-Wold admits that unemployment is low by international standards but he insists that it "is a major problem in the Norwegian economy and in community life." One aspect for concern is that it is precisely the less labour-intensive sectors which are benefiting most from the economic recovery.

The central bank Governor maintains that the country is making progress in its fight to contain inflation and that there are "reasonable grounds" to expect that the Government's target of 8 per cent inflation this year will prove realistic. The consumer price index rose by 7.1 per cent in 1983 and the January figure stood 6.6 per cent higher than a year earlier. Much depends on the outcome of this year's wage round, where the Government has said that wage costs should not be allowed to rise above 5 per cent. Cuts in income tax have been announced to soften the blow of lower wage rises but it remains to be seen if this incentive will prove enough to guarantee peaceful wage settlements. Signs of labour unrest, particularly in the engineering sector, are already evident.

Controls on banking system eased

IMPORTANT CHANGES are under way in Norway's financial markets. Following last year's report by the Credit Policy Liaison Committee and recommendations by the central bank, the Government has this year taken a cautious step towards dismantling some of the direct controls which have assumed increasing importance in credit policy in recent years. As financial operations become increasingly sophisticated, such controls have not only become less effective in regulating the volume of credit, but have also introduced serious distortions in the financial markets as credit has been diverted from traditional channels into the so-called "grey" market.

The central bank has been pressing for more market-oriented credit policy and on January 1 last quantitative regulation of the banks' lending, reimposed last summer, was abolished. At the same time the bond investment obligation, which over the years has required banks and insurance companies to invest a large proportion of any increase in their assets in low-yielding public sector bonds, was reduced from 15 per cent to zero for the banks and from 40 per cent to 30 per cent for the life insurance companies. (However, the banks' primary reserve requirement was simultaneously raised from 4 per cent to 5 per cent and was lifted again last month to 7 per cent.)

Bond purchases
There has been further evidence of this more market-oriented approach to regulating credit in the bond market — effectively controlled by the monetary authorities — where the bond rate has been allowed to edge up to what a freely determined market rate would be. There has been an enthusiastic response from financial institutions — both banks and insurance companies have recently exceeded their compulsory bond purchases — and from private investors, who have returned to the bond market for the first time since the war.

As expected, the lifting of direct controls led to a surge of lending to the private sector by the banks in January, as loans were brought back into the market from the unregulated market. However, the growth in bank lending in February was more in line with official targets. Assuming that these disturbances in the money supply work themselves through without causing political alarm, there is a chance that some of the remaining direct controls — such as the regulation of bank guarantees for market loans and of leasing and factoring loans —

COMMERCIAL BANK RESULTS

	Den norske Creditbank	Christiania Bank	Bergen Bank
Operating profit (NKR m)	648	498	321
Operating profit as % total assets	1.84	1.34	1.71
Net profit after loss provisions & taxes (NKR m)	339	213	123
Loan loss provisions (NKR m)	252	199	162
Losses written off (NKR m)	67	32	45
Losses written off as % total loans	0.27	0.16	0.23
Total assets (NKR m)	39.7	34.9	32.4

could also be lifted in due course. A further important change on the Oslo scene will be the establishment of foreign banks, expected shortly. Following the majority vote in parliament in January in favour of the establishment of foreign banks, the Ministry of Finance has now completed its guidelines which were presented in a Bill published earlier this month. It is expected that initially only a small number of foreign banks will be permitted to establish full banking operations.

Seven foreign banks currently have representative offices in Oslo and some of these will obviously be contenders (although two of these seven are Swedish banks, and the interest expressed by a number of Swedish banks in opening in Norway has met with a cool reception in the Ministry of Finance in view of the fact that foreign banks are not permitted to set up in Sweden). The other banks currently represented are Bank of Nova Scotia, Banque Nationale de Paris, Chase Manhattan, Citibank and Manufacturers Hanover.

An important new development on this front was the recent announcement by Bank of America and Sparebanken Oslo Akershus, one of Norway's most aggressive savings banks, that they are talking about the possibility of setting up a new joint venture bank once the new legislation is in place. It was later suggested that Fellebanken, the central banking organisation of Norway's savings banks, might also participate in the venture.

Further interest has been added by the declaration by Banque Indosuez that it will be seeking a concession for a new bank in Oslo, in partnership with Regjeringssparebank, a regional commercial bank. Samuel Montagu and Co has also expressed interest in setting up some form of financial vehicle in Norway, preferably with a local partner. This UK merchant bank believes that there is a gap on the Oslo financial scene which could be filled by the kind of specialist financial advice it can offer.

Domestic institutions too are seeing the need for new financial services. To date the big commercial banks have offered an "umbrella" service but in a more sophisticated market there will be a role for specialists vehicles. Thus Oslo-bank, which has just had its licence application approved, will be Oslo's first new bank for 52 years and plans to offer wholesale banking services to corporate customers and "red carpet" retail facilities.

More diversity
The established banks are also trying new ideas. Thus Christiania Bank, for example, has set up Oslo Finans, with share participation by its senior brokers, to run its wholesale stock market business in a separate company and has now added in its money market broking activities and a new financial advisory service. The prospect is for an increasing diversity of financial institutions.

Norwegian banks have lived with competition from international banks for a long time, with Norway being actively marketed over the years by "subsector" bankers, and they are generally confident that they will be able to meet the new challenge from locally established foreign banks. However, competition will undoubtedly increase, the key areas probably being currency trading, international payment transfers, liquidity control and financial advice. In the short-term the most serious impact may be the poaching of local staff and its effect on salary levels.

The leading Norwegian banks all trained in recent years last year. The fall in domestic money market rates improved interest margins and lower reserve requirements also boosted earnings, while the boom on the Oslo stock market lifted the banks' commission income.

Norwegian banks have emerged virtually unscathed from the international debt crisis and even though the recent record number of bankruptcies at home has inevitably taken its toll the banks' loan loss experience has not been serious.

The three leading banks — Den norske Creditbank, Christiania Bank and Bergen Bank — are all committed to expanding their international business, concentrating on areas where they have specialist skills, such as shipping and oil, a policy which banks which are still very small by international standards and one which has served them well to date. Some of the smaller savings banks and regional commercial banks are also beginning to eye the international market.

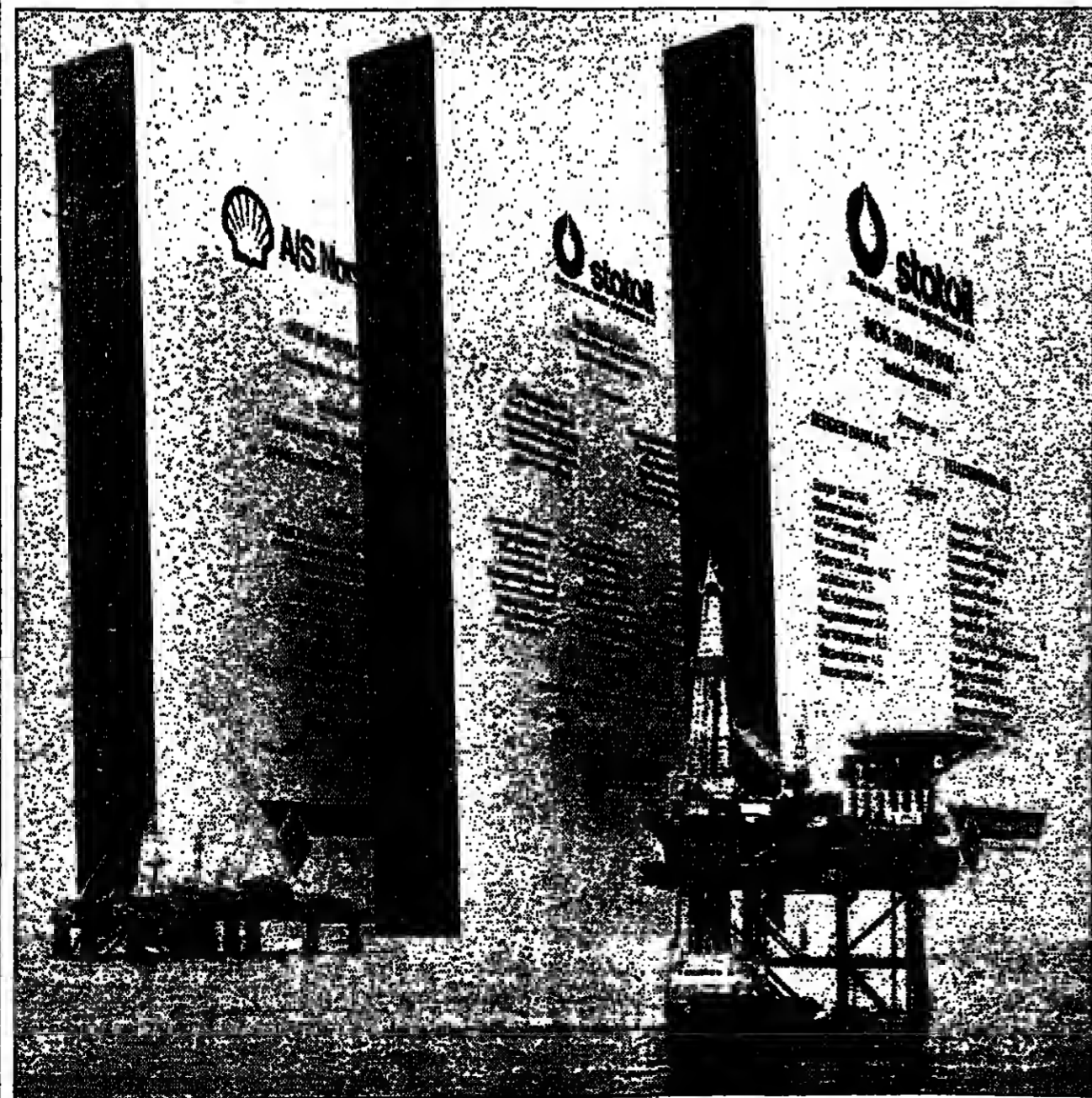
New opportunities for international business should open up for both local and foreign banks in Norway as the whole economy becomes more outward-looking. The investment of Norway's oil revenues — which an official committee last year recommended should be channelled into a special fund, largely for investment overseas — and the declared policy of internationalising Norwegian business will work in this direction. However, if the recommendations of another specialist committee set up to conduct a wide-ranging review of currency controls are implemented, a liberalisation of capital flows should also help to make Oslo more than just a parochial financial centre.

Carol Parker

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NORWAY III

The depth of disagreement over deployment of missiles came as a shock Desire for unity on foreign policy

FOREIGN POLICY issues seldom divide Norwegian opinion but when they do the arguments arouse a rare depth of feeling and leave deep marks on the country's political development.

As happened in several other West European countries Nato's decision to stand by its two-track strategy and begin the deployment of medium-range nuclear missiles late last year triggered a debate in Norway. With mass demonstrations in the streets of Oslo the Storting, the Norwegian Parliament, approved by the narrowest margin of one vote the Government's policy of backing deployment.

The depth of disagreement came as a shock to many and both sides appear anxious to rebuild a semblance of unity on foreign policy and security matters. Norway has seldom allowed itself the luxury of a big split on security issues, says Mr Einar Førde, deputy chairman of the Labour Party and a former Minister of Education. "There are a lot of good reasons to build bridges but I think also that we must get used to more debate."

Both the Government and the opposition parties appear to be using the relative calm since deployment of the missiles began to paper over the cracks that opened up last autumn. A major debate is scheduled in the Storting before the summer on a Government White Paper on security and disarmament and for the moment both sides are in a conciliatory mood and seem more anxious to stress areas of agreement rather than disagreement.

Awareness

Behind the wish for unity on foreign policy and security matters lies a keen awareness of the country's exposed geographical and strategic position in a region of growing interest to both the superpowers. Apart from Turkey, Norway is the only Nato country with a common border with the Soviet Union. Its eastern frontier is 2,531 km long, bordering on Russia, Finland and Sweden. To the north and west the country faces the Barents Sea, the Norwegian Sea, the North Atlantic and the North Sea, waters of great significance to both military alliances given the dramatic build-up of Soviet naval resources on the Kola peninsula.

A major part of the Soviet nuclear ballistic missile submarine force is built and based in this area close to Norway's northern border and the Kola-fjord and Murmansk offer the only ice-free harbour facilities in the European part of the Soviet Union with free access to the open sea.

Norway resisted pressure from the Soviet Union at the end of the 1940s to sign a non-aggression pact but within the context of its Nato membership Norwegian security policies take clear account of the close presence of its eastern neighbour. Ever since joining Nato Norway has adhered to a policy of not allowing foreign military bases on its territory—unless



A protestor is arrested during the mass demonstrations in Oslo last autumn over the missile deployment issue

attacked or threatened by attack—and that policy was later extended to rule out the deployment of nuclear warheads on Norwegian soil in peacetime.

Such moves aimed at holding down tension in the Nordic region complicate of course the problems faced by Nato in providing reinforcements to Norway in the event of any conflict. While not allowing foreign personnel to be permanently stationed in Norway, the country has therefore been forced to allow the pre-stocking of military equipment—particularly of heavy items—in the country for use by Nato troops. Supervisions and maintenance of the equipment remains exclusively in Norwegian hands, however. Stocks are not allowed to include nuclear weapons and the sites have been chosen so that they cannot reasonably be regarded as a threat to any of Norway's neighbouring countries.

The presence a few weeks ago of around 25,000 Nato and Norwegian troops in the country to carry out the biggest joint exercise held to date—Avalanche Express—underlined Nato concerns about its ability to reinforce Norway quickly. Here again, however, Norway places certain restrictions on Nato manoeuvres in the interests of not arousing alarm in the Soviet Union. Nato troops are kept well away—500 km—from the Soviet border. In addition, naval and airborne patrolling tasks in the far north are carried out exclusively by Norwegian personnel east of the line 24 degrees North, which takes in most of Finnmark, the most northerly region of Norway.

Membership of Nato is no longer an issue of great controversy in Norway. Opinion polls consistently show an overwhelming part of the population in favour of being part of the Western Alliance. That said, however, the deployment of Pershing II and cruise missiles in some other Nato countries

showed that deep divisions over the direction of specific Nato policies can open up and be exploited politically.

Mr Einar Førde, a member of the parliamentary foreign affairs committee, says that the party's decision to go against deployment "finally became a good issue for us."

He insists that the about-turn in the Labour Party's policy on this issue—from supporting the two-track decision when in power to opposing deployment while in opposition—was not a specifically Norwegian phenomenon. The Labour Party was simply in step with changes in Left-wing policies throughout northern Europe, changes reflected most clearly in the security policies adopted by the West German Social Democratic Party last year.

Success

Labour's success in mobilising Norwegian opinion on the missile issue opened the prospect of foreign and defence policies being given a prominent role by the party in next year's general election campaign, a move that would to some extent have broken new ground in Norwegian politics. "We thought we could use this issue with some success in 1985," admits Mr Førde, "people are much better informed now and interested."

The uncovering of a Soviet spy, Mr Arne Treholt, high in the Labour Party ranks, has upset such calculations, however, and is having a serious impact on the conduct of Norway's foreign policy debate.

"What is special to Norway is Treholt," says Mr Førde, earlier a close friend of the former

Labour junior minister. "He was part of our own ranks and held high office. There is no reason to hide the fact that he has been a problem for the Labour Party, a constant headache. Intellectually it should not change the way the Labour Party takes its positions but we have seen in the party rank-and-file that it has reduced our possibility for playing the role of detente and contact with the Soviet Union. Our normal role has been made much more difficult."

The Government coalition led by the Conservatives has avoided publicly making party political capital out of the Treholt affair but inevitably it has become a volatile factor in the public debate. "It is not a party affair, but a police affair," says Mr Erik Nessheim, a State Secretary in the Prime Minister's office, and a leading Conservative Party admini-

strator. "It is unfair to blame a party but it looks as if the voters see it differently. A trial next year could be uncomfortable for the Labour Party with former ministers on the witness stand."

Treholt was active in the Labour Party's Left wing and and it is inevitable that the revelations of his espionage activities for the Soviet Union will taint certain Labour Party policies which might appear to support a certain distancing of Norway from the U.S. and the Western Alliance in favour of closer working relations with Moscow.

The Norwegian Government's immediate response of expelling five Soviet diplomats and declaring persona non grata a further four Russian diplomats who had served earlier in Oslo, was probably the least response it could make. No changes to ministerial visits or other exchanges between the countries have been made but the Treholt affair has inevitably added considerable strains to relations between the two countries.

In terms of its relations with West Europe the development of North Sea oil and gas as well as the constant need to deepen foreign trade contacts inevitably means that Norway is drawn more and more into playing a wider role in Europe, despite the deep-rooted isolationist tendencies which manifested themselves so strongly in the vote a decade ago against joining the European Community.

The country enjoys the access membership of Nato offers for it to play a role in shaping European security policies and it is suspicious of organisations where its membership might be excluded. It is watching very carefully, therefore, attempts by some countries, particularly France, to breathe life into the old West European Union as a body to strengthen the European defence industry.

Kevin Done

NORWAY'S IMPORTS AND EXPORTS BY COMMODITY GROUPS

	Imports		Exports		Export/import surplus	
	January-December 1982	1983	January-December 1982	1983	1982	1983
Foodstuffs	5,191	5,322	6,557	8,100	1,366	2,778
Beverages and tobacco	517	637	65	80	-452	-547
Raw materials	8,625	7,136	3,974	4,638	-2,651	-2,496
Fuels, lubricants, electric power, etc	13,149	10,262	58,903	69,293	45,754	56,031
Animal and vegetable fats	133	136	555	614	422	478
Chemicals	6,944	6,882	6,253	7,705	209	823
Semi-manufactures	18,184	17,891	17,053	20,323	-1,131	2,531
Machinery and transport equipment	36,872	36,171	16,826	17,440	-19,847	-18,731
Sundry manufactures	12,334	13,693	2,613	2,637	-10,331	-11,066
Miscellaneous	397	361	437	318	140	-43
Total	99,747	98,401	113,236	131,217	13,489	32,816

NORWAY'S FOREIGN TRADE BY COUNTRIES AND AREAS

	Imports		Exports		Export/import surplus	
	January-December 1982	1983	January-December 1982	1983	1982	1983
Sweden	17,054	18,477	10,436	13,279	-6,619	-5,198
UK	11,822	10,265	41,291	44,996	29,469	34,731
West Germany	15,495	14,507	22,915	24,991	7,420	10,486
Rest of Europe	30,219	30,972	23,162	29,115	-7,057	-1,857
Africa	1,500	899	2,715	2,927	2,115	2,028
Asia	9,968	9,141	4,868	4,794	-5,100	-4,347
North America	11,390	11,717	5,732	10,645	-5,658	-1,872
South America	1,666	1,650	827	792	-839	-858
Oceania	533	773	288	356	-245	-417
Total	99,747	98,401	113,236	131,217	13,489	32,816

Trade surplus at highest level

NORWAY built up a surplus of Nkr 4.4bn on its current account in 1983 according to provisional figures, the biggest surplus it has ever achieved. It was Nkr 10.2bn higher than the surplus accumulated in 1982.

The size of the surplus is chiefly attributable to the export of North Sea oil and gas, which amounted to Nkr 16.4bn, or 19.5 per cent, over 1982. In little more than 10 years oil and gas exports have grown from nothing to more than a third of all the country's exports.

By contrast traditional Norwegian exports have been losing market shares all through the 1970s and the

beginning of the 1980s with a particularly big fall in the market share for forest products. The trend was reversed last year, however, when traditional merchandise exports rose by 14 per cent in value and 11 per cent in volume.

Norway enjoys large surpluses in its trade with its two main trading partners, the UK and West Germany, thanks to oil and gas exports. These two countries together with neighbouring Sweden account for a large part of the country's trade, taking 63 per cent of Norway's exports and providing 44 per cent of the country's imports. A large deficit has arisen in Norway's travel account

given the big jump in the amount of money Norwegians spend on foreign travel. The deficit last year was estimated at Nkr 6bn, and Norwegians are expected to spend abroad two and a half times as much as foreign tourists spend in Norway this year. By contrast at the beginning of the 1970s Norway enjoyed a surplus on the travel account.

The Norwegian current account has been in surplus each year since 1980 and according to the central bank the surplus is now of a size that it begins to weigh also in the international payments context.

K.D.

Which was the first Norwegian company to launch a satellite?

(And 4 other questions to see how much you know about the computer industry.)

1. When was the world's first 32-bit super-minicomputer marketed—and what was it called?

2. What is the name of the first system that combined word-processing, admin. and technical data processing using the same terminal for any task?

3. Who was the first computer company to allow on-site enhancement of a 16-bit minicomputer to a 32-bit machine.

4. Name the first on-line query system that enabled non-computer specialists to access a database.

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Carol Parker examines stock market trends

Foreign and domestic buying lifts share prices

A SURGE of interest from both foreign and domestic investors last year brought a sharp rise in the Oslo stock market, pushing share prices up to the levels prevailing during the boom ten years ago. Turnover more than quadrupled from Nkr 1.7bn in 1982 to Nkr 7bn in 1983. Companies in the cyclical industries were the first to emerge from the depression which had characterised the market in 1982 (when share prices fell by 15 per cent) in response to the general economic upturn, but the increase soon became broadly-based, with virtually all the companies on the market posting substantial share price rises during the year. Measured by the composite index, average share prices rose 90.5 per cent during the year, with industrial company shares leading the field (+123.1 per cent).

Towards the end of the year the rise in the market was curbed, partly because of a flood of new issues totalling Nkr 3.6bn during the year, an increase of 16 per cent over the previous year, and the disappointing performance of some of these issues, floated at prices which could not be sustained in early trading.

However, prices have again taken off this year and all sectors have recorded new highs. By the end of March the composite index had risen a further 22 per cent. Shipping has taken over the running as the leading market sector in response to signs of an improvement in the oil rig market and a growing appreciation among investors of the net asset value of certain shipping shares.

There has also been a lot of activity recently in bank shares, with the three leading commercial banks all declaring sharply higher profits for 1983. Moreover, the possibility that the authorities may accede to the banks' wish to raise their quota of non-resident-held shares from the present 10 per cent to 20 per cent, and the announcement by Den norske Creditbank that it intends to seek a London listing hold out the prospect of increased foreign investor interest in Norwegian shares.

OSLO STOCK EXCHANGE INDICES			
January 1 1983=100			
	20.12.83	30.3.84	% increase during first three months 1984
Banks	141.49	157.86	+11.4
Insurance	151.62	193.56	+27.9
Industrials	222.06	262.79	+18.3
Oil	176.06	213.29	+20.7
Shipping	183.37	317.32	+72.6
All-share	190.53	233.65	+22.3

Increased foreign interest in the Norwegian market reflects in part a growing awareness that Norwegian shares are still relatively cheap by international standards. As Den norske Creditbank pointed out in a recent market report, the average price/earnings ratio in Norway is still only 7.5 while the comparable figure for Sweden is 15.

On the domestic front the market has benefited from recent government measures to stimulate private investor interest. In particular the new unit trusts, authorised in 1983—which offer important tax concessions for investors—really took off last year. An

estimated Nkr 100m flowed into the funds in 1983 and this figure more than doubled to Nkr 240m last year.

What of the outlook for the rest of 1984? Despite the substantial rise that has already occurred, the general feeling seems to be that the boom could still have some way to go. Speaking at the end of March, a leading fund manager, Mr Per-Henri Grøssberg, managing director of Norsk Sparinvest, an investment fund owned by the country's savings banks, predicted that the market could rise a further 15-20 per cent by the summer.

He postulated three critical time horizons: the first up to the third of the year, the second up to the U.S. presidential election, whose outcome will have an impact on the U.S. market and hence on other stock markets; and the third up to the Norwegian general election in 1985. The prospect of a new Labour government, traditionally suspicious of the stock market, could quickly dispel the Oslo market's current euphoria.

NORWAY IV

OIL AND GAS: Richard Johns reviews long-term policy and plans for four major fields

Anxious search for best path for development

THE DIFFIDENCE about petroleum development which characterised Norwegian politics in the early 1970s is well and truly a thing of the past.

Differences of opinion as to the extent to which the state's hydrocarbon resources should be exploited and exhausted exist. But there is now not only consensus but also common concern that sufficient momentum in implementing projects should be maintained to ensure that a people with the second highest per capita income in Europe (albeit also one of the most heavily taxed) should be able to continue living in the manner to which they have become accustomed. There is a frank acceptance that petroleum's share of the economy will grow rather than diminish.

The weighing of various options, however, is complicated by the fact that Norway is predominantly a gas rather than an oil province. Last year hydrocarbon output was split about 50:50 between the two, with oil output running at 614,000 barrels a day (b/d) and gas at 8.5bn cubic feet.

Together they amounted to 55m tons of oil equivalent (toe). Estimated reserves, though, are 40 per cent oil and 60 per cent gas with the greater part of them in the deep, inhospitable and remote waters north of the 62nd parallel.

Exploitation of the reserves in the Arctic area and under the Barents Sea is necessarily a longer-term prospect. Meanwhile, the trouble with any gas development, especially in a time of surplus such as now, is the need to secure a binding commitment from a customer before implementation—a problem made all the more difficult by the relatively high cost of its projects and also its arguably high price expectations.

Hence the tension over the draft contract agreed in February between Statoil and the British Gas Corporation for the supply of some 1.5bn cubic feet of gas daily from 1990 for a period 12 to 15 years. It is the obvious priority project if Norway is to maintain its position in the European market and to ensure sufficient

revenue in the coming decade as output from Statfjord, Frigg and Ekofisk fields declines rapidly.

A number of projects are under implementation. British Petroleum's Ula Field will come on stream later this year and produce at a rate of 74,000 b/d. Esso's Odin is about to start feeding gas into the Frigg system. In 1985 Mobil-Statoil's Statfjord "C" platform will offset that complex's output by 210,000 b/d.

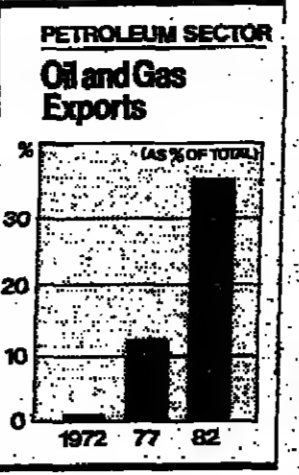
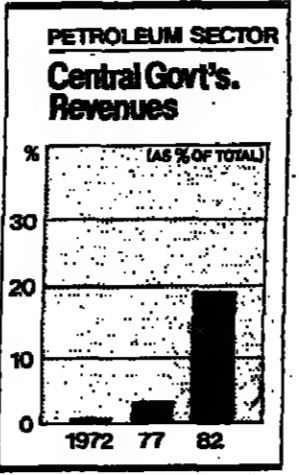
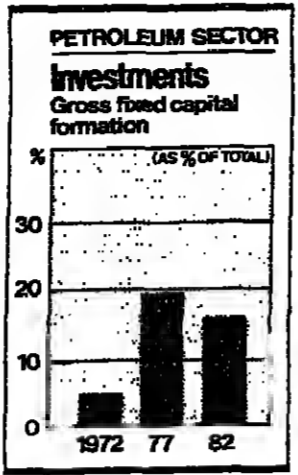
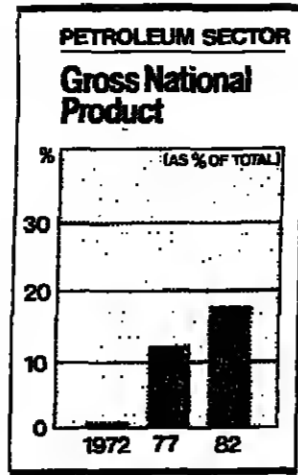
Statoil's Heimdal is scheduled to deliver gas at a rate of nearly 300 cfd, destined for the Continent from the latter part of 1986 onwards. Ekofisk's waterflood injection scheme for Ekofisk will arrest the fields' decline, recovering another 150-190m barrels. The first phase of Statoil's Gullfaks project will on stream in the summer of 1987 with a capacity 245,000 b/d of oil and 120 mcf/d of gas. Oseberg is scheduled to start producing in 1989 to reach a plateau of 200,000 b/d the following year.

Sustain output
If the Sleipner project is delayed the alternative for parliamentary approval this summer and immediate development would be the second phase of Gullfaks. In practice, implementation of both would be needed to sustain output of 60m toe by the middle of the next decade. The Government's objective of 80m toe depends on the exploitation of other reserves.

Part of the gap could be filled by smaller structures. An example is the Balder field discovered by Exxon. But the company says that it is not commercial under the present tax regime.

Indeed the foreign companies are unanimous in their belief that tough fiscal terms can only hold back Norway's offshore development. The incentive for them is reduced still further by the entitlement given to Statoil, under various agreements, to escalate its share of development from a basic 50 per cent up to 85 per cent.

The Government still refuses to contemplate copying the UK example by easing basic tax



Oseberg—oil for the 1990s

APPROVAL by the Storting this spring of the Oseberg project has been a foregone conclusion, regardless of the of the Sleipner deal. As a revenue-earner for the 1990s it became the prime candidate for the next petroleum project as soon as Norsk Hydro, the operator, declared it commercial last August—because it will be mainly an oil rather than gas producing field.

Sleipner apart, Norway is looking to Troll for the intermediate future. The Government insists that the price paid for the gas should not only reflect the cost of such a challenging project but also give what Norway regards as a proper return to the state. Its plea to the West is to judge it, as a strategically safe source of supply, in a political light. The immediate threat, meanwhile, is that if Sleipner is deferred so will be Troll.

Prospects north of the 62nd parallel, in particular the Tromsøfjord and Haltenbanken areas, are also problematical because of the costs of transportation. Both are to feature prominently in the ninth and tenth rounds of allocations. For the foreseeable future they are problematical, not least because of transportation costs.

In the Tromsøfjord area Statoil made the potentially significant Askellad discovery in 1981. It reckons that it could be, in conjunction with other finds on neighbouring blocks, a commercial proposition and come on stream by the middle of the next decade. More recently it has been impressed by a report by Norsk Hydro and Tenneco suggesting that production of the gas for the U.S. market when the anticipated shortage occurs there, is the best scenario. All that can be said with certainty is that Norway is treading a hesitant, uncertain path in the execution of its hydrocarbon policy and is worried about the future.

on the east coast of the island of Alvo. Norsk Hydro is scheduled to come on stream in April 1988, with the cost of the project set at Nkr 32bn, excluding pipelines, with oil production building up rapidly to 200,000 barrels a day by the end of the following year.

For the first 15 years of the field's life there will be no sales of gas, which will be reinjected into the field until oil output starts declining. Gas production at the end of the century is contemplated if the price justifies the cost of construction. Recoverable reserves are estimated at 1bn barrels of oil and 70bn cu metres of gas from three separate structures.

Norsk Hydro has a 13.5 per cent interest in partnership with Statoil (50 per cent), Mobil Elf (13.3 per cent), Mobil (10 per cent), Saga (7.5 per cent) and Total (6.2 per cent). Norsk Hydro's projections show a rate of return of 11.5 per cent. Transportation of the oil will be through the trunkline from Gullfaks to be built at an additional cost of Nkr 4bn. Taking the connection to Mongstad, where Statoil has its refinery, will involve crossing the Hjeltefjorden and going overland, which will account for nearly a quarter of the total pipeline cost.

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In small coastal towns, where the local shipyard is the largest single employer, success or failure in capturing an offshore order can be crucial to the prosperity of a whole community. Now and then, this consideration has led Norwegian governments—including the present Conservative-led coalition—to place orders abroad because foreign bids were lower.

In theory, though, the companies are free to choose foreign suppliers if the latter are more competitive on price, quality or delivery dates. At one stage in the late 1970s an increasing number of workers were so keen to secure work that they accepted orders at break-even prices or even at a loss—"buying employment," was the way one company (Aker) described it. Partly because of this policy, the Aker group showed losses for several successive years. It has lost money too on the last two mobile rigs it built—one delivered in 1982 and the other, the "Egyskrova," being delivered last month, four months behind schedule.

Orders lost
This was not a strategy that could be pursued for very long. As more realistic tenders were submitted, an increasing number of orders were lost to foreign competitors. An example is the heavy duty, arctic class rig—"Rig 85"—being built in Japan for charter to Norsk Hydro. Its owners, a partnership between Norwegian shipowners Wihl, Wilhelmssen, and Sonat of the U.S., sought tenders from 16 yards, including three Norwegians—Trossvik, Franmaes and Aker. After some agonising, however, Japan's Hitachi Zosen yard got the contract.

According to Norsk Hydro the price differential was too great to justify placing the order in Norway. To sugar the pill Hitachi Zosen agreed to order Norwegian equipment for the rig worth about \$28m of its \$100m contract value. In addition it will, for a certain period, help market Norwegian equipment to its other customers.

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Some 70,000 barrels a day of oil would be produced from some 30 subsea wells grouped in nine templates and linked to the platform. The cost of the project is put at \$6bn (in 1983 prices).

The Government wants co-ordinated development of the whole field to ensure the best possible outcome. So far, however, no wells have been drilled in the other three blocks where Statoil, with an 85 per cent interest, is partnered by Norsk Hydro (9 per cent), Saga Petroleum (6 per cent). Statoil has the right to become operator in block 81/2 eight years after the declaration of commerciality and also to escalate its share of the development to 85 per cent.

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The ships are joining the Barber fleet of ships which sail eastwards round the world, offering customers both conventional container and roll-on

terms although it is willing to contemplate adjustments as it did with Ekofisk waterflood scheme. As for Statoil, the Government-owned corporation, its response to the report of the Royal Commission, which just over a year ago proposed to curb its growing dominance, is still awaited.

The essential issue at stake, however, is only whether investment in Statoil's stake in the sideline scheme should revert to the state rather than the corporation, which is now responsible for 30-40 per cent of Norwegian production.

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Gullfaks—on to second phase

IMPLEMENTATION of the second phase of Gullfaks, predominantly an oil-field lying just to the east of Statfjord, is Norway's second priority after the Sleipner gas project. Statoil's revised development plan, based on a reducing estimate of reserves following recent drilling and involving one platform rather than two, has been prepared for submission to the Storting. If the go-ahead is given before the parliament's summer recess the Gullfaks II project could be on stream by 1991 at a cost of Nkr 20bn.

Work on Gullfaks I, embracing the western part of the field, is progressing meanwhile, with start-up scheduled for 1987 from the first platform. The other one, solely a drilling facility, will come into operation two years later but will not add to the level of output, which is set at 245,000 barrels of oil and about 100m cubic feet of gas per day.

Two leading huys were included in the original Gullfaks I development. But the scheme drawn up for the Oseberg recommends a pipeline which is to transport oil from both fields to a terminal at Mongstad. Starting at Gullfaks and with a 520,000 b/d capacity, its first leg it will be able to cater for 800,000 h/d from Oseberg onwards, thus giving

room for other oil production—in particular from Troll. Gullfaks II involves exploitation of the eastern part of the field, which is separated from the western by a deep fault running between them. Despite the downgrading of reserves the project should yield about as much oil as the first phase and rather more gas. Instead of a platform the revised plan allows for seven subsea wells. Gullfaks is the first development for which a Norwegian company, Statoil, took full responsibility as operator. With an 85 per cent stake in the venture it is partnered by Norsk Hydro (9 per cent) and Saga Petroleum (6 per cent).

Development plans are as yet confined to western Troll. In partnership with Statoil (50 per cent), Conoco (15 per cent), Superior (5 per cent) and Norsk Hydro (5 per cent) Shell's present plan is for a single platform. It would have the capacity to process 1.9bn cubic feet of gas per day from 30 deviated wells. The average production rate projected is 1.5bn cfd. Transportation could be through the Frigg pipeline to Ekofisk or the Statpipe system connecting with the Continent—possibly both.

That in itself was a big advance because the project is on the wider frontiers of offshore oil technology. At 340 metres the depth of the seabed is 150 metres greater than the present North Sea record set by British Esso's Magnus Field (which started producing last August). Sooner or later the assumption must be that the development will take place in a stream of other supplies, the gas price customers are willing to pay and the tax regime imposed on the project.

So far only the western part of Troll lying in block 31/2, where Shell is the operator, and has a 25 per cent interest, has been extensively explored and is reckoned to contain 463bn cubic metres of gas and 320m

barrels of oil. But the structure extends into three other blocks—31/3, 31/5 and 31/6—and in its totality is reckoned to have recoverable reserves of 1.58bn cubic metres of gas.

That would make it bigger than the Netherlands' Groningen field and about eight times as large as Frigg, which since 1977 has provided the UK with about a quarter of its needs. Troll has the potential to supply all Britain's requirements for about 30 years.

Deviated wells
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Growth likely in offshore supply sector

A Federation of Industry survey estimated the value of Norwegian companies' offshore-related deliveries in 1983 at Nkr 12,600m (in terms of value added) of which Nkr 2,365m was for export. Comparable figures for 1981 were Nkr 9,762m and Nkr 1,640m. It was based on information from 243 companies responsible in 1983 for about 90 per cent of earnings in the offshore industry. It noted that deliveries recorded that year corresponded to around a quarter of the value added in the rest of Norwegian manufacturing. Figures for 1983 are not yet available.

The offshore contracts which got the biggest headlines and attract the most political attention are those for floating and fixed platforms. This is not because offshore fabrication is the most profitable sector of the offshore market—despite the high value of individual contracts. If so happened, however, that Norway's oil age got under way just as the shipbuilding recession began to bite here. Many yards, possibly too many—pinning their hopes to the new industry and began switching capacity to offshore fabrication.

In small coastal towns, where the local shipyard is the largest single employer, success or failure in capturing an offshore order can be crucial to the prosperity of a whole community. Now and then, this consideration has led Norwegian governments—including the present Conservative-led coalition—to place orders abroad because foreign bids were lower.

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Orders lost
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been Norwegian owners have been to control costs by moving in new directions. The 47,000 dwt Lindnes, built in Japan, has a crew of only 15—Norwegian under the Panamanian flag; with the Norwegian flag it would have been 19.

With the latest cargo-handling, hold cleaning, communication and navigation equipment, manpower needs are kept as low as possible. But companies like Jørgensen may eventually find that Norwegian seafaring unions are no longer prepared to accommodate such trends.

Bankers note that the big Norwegian shipping companies have benefited from cautious financial strategies which have left them highly liquid and able to take advantage of new investment opportunities. In the offshore supply shipping sector, however, where generous tax treatment for limited partnership companies has encouraged individuals to invest in new vessels, the picture remains fairly gloomy. It is not helped by annoyance in the UK Government and shipping industry over the high number of Norwegian ships in the British sector compared with the absence of British ships off Norway.

Andrew Fisher

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*Source: Fagregisterundersøkelser 1982.

NORWAY V

INDUSTRIAL PRODUCTION (1975=100)

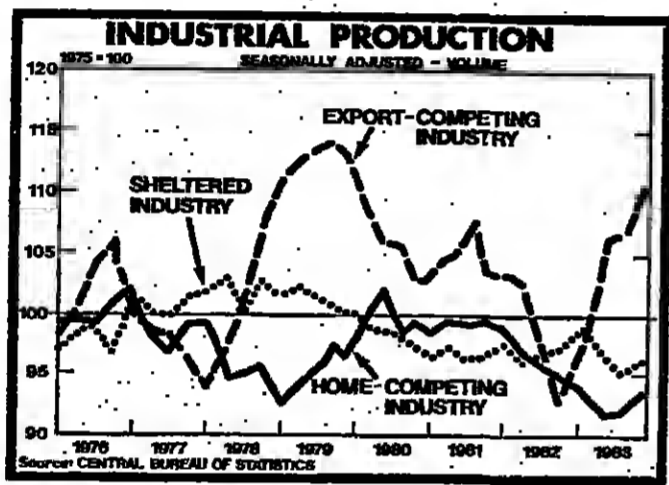
	Level 1983	1982/1983	Per cent changes		Type of industry
			Nov-Jan 83-84	Jan 83/84	
Total output	96	-1.1	2.2	1	†
Food	107	0	1	-8	‡
Beverages	118	-3	-5	8	‡
Tobacco	105	3	2	4	‡
Textiles	80	-9	3	0	†
Clothing	59	-14	-11	-9	†
Leather and fur goods	64	-15	5	-3	†
Footwear	42	-21	-21	-15	†
Wood products	92	-1	-1	-9	†
Furniture and fittings	101	-1	0	2	†
Forest products	123	3	18	17	•
Graphics and publishing	85	1	1	1	•
Raw chemicals	144	3	10	14	•
Chemical products	106	-5	-5	-11	†
Refined oil and coal products	66	2	6	2	†
Rubber products	52	-1	16	27	†
Plastic goods	94	1	6	5	†
Building products	85	-3	-5	-10	†
Iron, steel, ferro alloys	70	8	28	27	•
Non-ferrous metals	103	11	21	23	•
Metal goods	98	-3	1	2	†
Machinery	127	2	7	6	†
Electrical	87	1	2	-1	†
Transportation	81	-15	-18	-20	†
Power supply	140	14	15	16	•
Mining, including oil and gas	435	14	17	25	•

* Export-orientated. † Home competing. ‡ Sheltered.

Key industrial sectors are reporting higher output

Revival in traditional export markets

AFTER SEVERAL years of decline output of most of the important sectors of Norwegian industry is increasing again. For export-orientated industry, particularly metals and chemicals, the revival started late in 1982 and has brought production up steeply since. For the rest of industry — about 80 per cent of the total — the improvement began only late last year and has been modest, mainly benefiting sheltered industries and some home market-orientated industries that compete with imports. Higher export and investment demand are the main reasons for the rise; private consumption has been growing only marginally. The trend is illustrated by the accompanying graph, which shows how production indices have moved, since 1976, for the three main types of industry. All export-orientated (accounting for just over 20 per cent of total output); EH home market-orientated (import-competing, accounting for about 60 per cent) and CH sheltered (just under 20 per cent).



The table shows where the output growth has been most marked for last year as a whole in comparison with 1982; for the three months ended January 31, 1984 compared with the corresponding period a year earlier; and for January this year compared with January 1983. It also reveals which industries have not benefited from the general upswing. The 15 per cent fall last year in production of "transportation" reflects the serious problems facing the shipbuilding industry. Many shipyards now have virtually empty order books and little prospect of filling them. The slow of offshore-related orders has not been large enough to offset the combined effects of the shipping crisis and keen price competition from the Far East.

Modernisation

In Norway's traditional industries, based either on local raw materials (fish, timber), or the exploitation of cheap hydro power (metals, chemicals), investment in the near future is more likely to be devoted to modernising existing plant than to increasing output capacity. The world market is too uncertain to encourage the latter. An exception to this trend could be fish and shell fish farming — a new branch of the fish products industry which has recently been experiencing exceptional growth. For older industrial groups keen to gain a foothold in new expanding industrial or service sectors, one solution is to establish offshoots in the new areas — sometimes in partnership with others.

Dyno Industrier, which makes plastics, chemicals and explosives, did this late last year when it acquired a two-thirds stake in an oil rig design company, renaming it Dyno Engineering. Borregaard, involved in forest products, chemicals, metals and foodstuffs, has partnered French engineering group Solrestis in a new firm, which will offer engineering services to industry, including the offshore sector. Viking Askin, formerly known mainly as a maker of rubber products — tyres, footwear, etc. — last year sold its tyre production interests to Gislaved of Sweden, while at the same time establishing a new wholly-owned subsidiary, Viking Data, which will sell EDP services. Another industrial group, Norgas, recently hived off its in-house EDP division to form a joint venture — NP Data — with Swedish interests.

Norecem, big in cement and building materials, is moving increasingly into offshore-related activities and international cement trading so as to reduce its dependence on the domestic construction market. This enabled it — despite last year's slump in housing starts — to achieve more than doubled pre-tax profits in 1983. Plans for a proposed merger with Borregaard had to be dropped after strong opposition from certain Borregaard shareholder groups.

Although the Borregaard/Norecem merger failed, there have been plenty of others in the Norwegian industry during the past year or so. Kosmos, a

PROFILE: NORSK DATA

Rapid rise to world fame

NORSK DATA, the Oslo-based mini-computer manufacturer, was founded less than two decades ago. Today its name is almost as well known outside Norway as that of such larger Norwegian concerns, such as Borregaard and Norsk Hydro, that have been around far longer.

The group, which describes itself as "an international company headquartered in Norway," designs, develops, manufactures, sells and services a compatible line of mini-computers — with software — ranging in price from around £9,100 to £275,000. Sales and customer service are offered through subsidiaries in 10 countries, operating out of some 50 centres. Shares are listed in the Oslo, London and Stockholm stock exchanges, as well as on the U.S. over-the-counter market.

Norsk Data's first international breakthrough came in 1973, when it won a major contract to supply EDP equipment for Cern, the European organisation for nuclear research, in Geneva. It has since installed systems in most of the major European nuclear research centres, including the Joint European Torus project (JET) in the UK.

While it expects to continue its traditional engagement in technical and scientific computing, the company currently sees office automation as its most promising growth area. Last year it installed over 2,500 work stations in Norway — and 11,000 worldwide.

Main application fields for the systems it supplies are administrative data processing in industry and commerce, public administration and educational institutions. One of its divisions, ND-Comtel, specialises in total solutions for the newspaper and graphics industry. Some 70 per cent of Norsk Data's research and development budget is now being spent on software development. An important product is integrated information systems for different types of users in an organisation; those with no previous EDP knowledge or experience; those with some knowledge and those who work with the EDP system and have considerable knowledge of it. The company calls this system ND-Orbis — Orbis stands for Related Business Information Systems. It contains all software systems, grouped and presented as menus to facilitate use by all personnel, regardless of how familiar they may be EDP.

New machines

On the hardware side two new machines were put on the market last year: the 32-bit ND-570/CXA and the 16-bit ND-100 Compact. Norsk Data claims that the larger machine — a super minicomputer — gives superior EDP knowledge or experience; those with some knowledge and those who work with the EDP system and have considerable knowledge of it. The ND-100 Compact is designed for installation in ordinary office environments. It runs quietly and makes no special demands concerning temperature or power supply.

A characteristic of the company has been its rapid growth, both domestically and in export markets. Between 1979 and 1983 pre-tax profits climbed by an annual average of 73 per cent, operating income by 42 per cent and earnings per share by 53 per cent. Turnover rose last year by NOK 250m to NOK 870m.

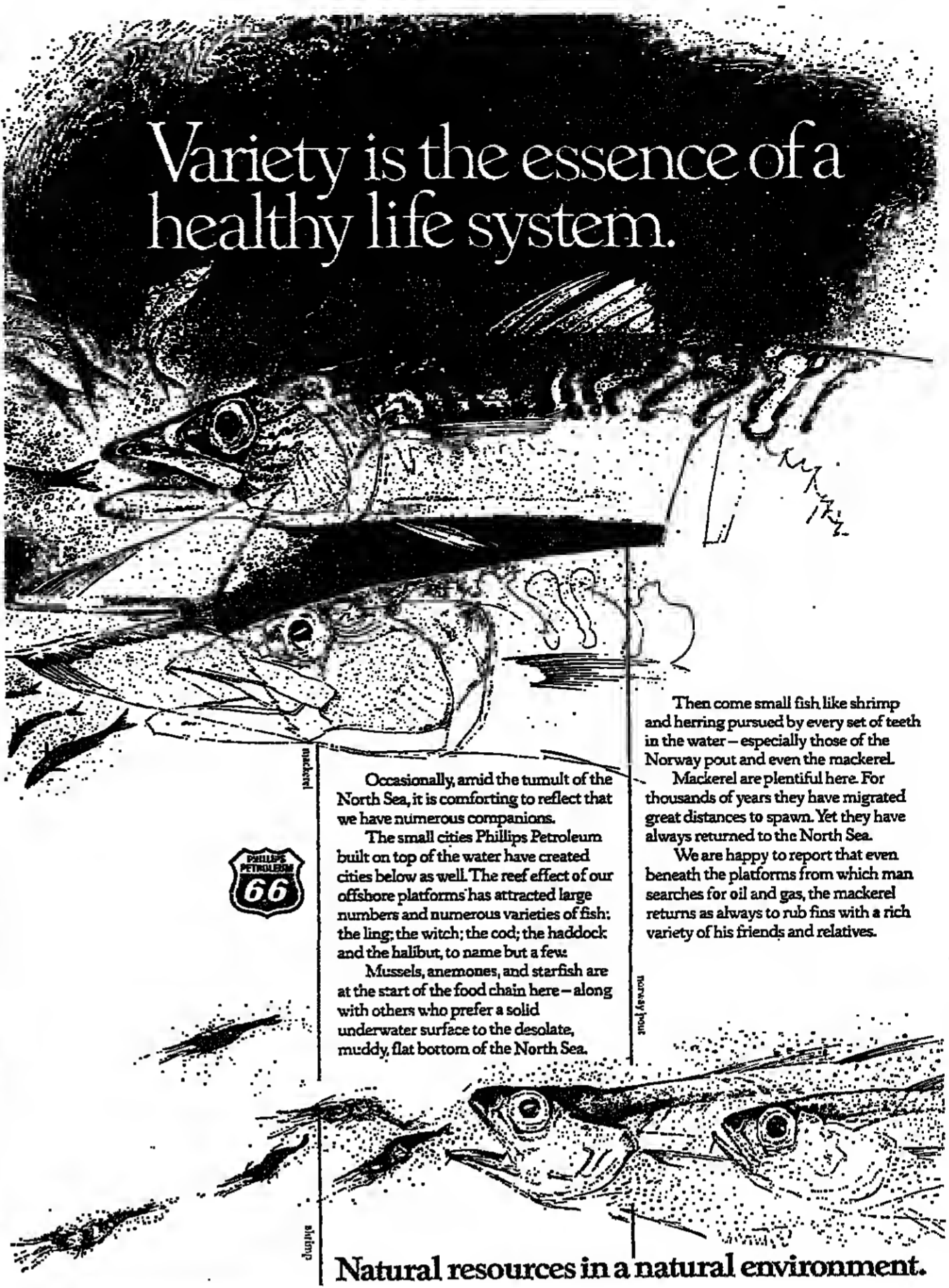
The rise partly reflected the acquisition of controlling stakes in two foreign firms — Silvidata, Sweden, and Dietze Computer Systeme, West Germany. The former specialises in accounting and bookkeeping services for Sweden's forestry industry while the latter produces and markets systems directed towards the engineering sector. It has been acquired mainly as a means of marketing ND hardware and software on the important West German market.

Britain is a market where Norsk Data has already been highly successful and where it expects to continue expanding strongly. Last year's growth was 100 per cent, from a small base, to £3.8m.

To house its UK headquarters at the base for its mainland Europe marketing organisation it is currently renovating Benham House, an 18th century stately home near Newbury, Berks. The old building will be used for management offices, conference rooms and canteen, while a 60,000 sq ft new wing, on the site of the old stables, will accommodate systems integration and development.

Fay Gjester

F. G.



Variety is the essence of a healthy life system.

Then come small fish like shrimp and herring pursued by every set of teeth in the water — especially those of the Norway pout and even the mackerel.

Mackerel are plentiful here. For thousands of years they have migrated great distances to spawn. Yet they have always returned to the North Sea.

We are happy to report that even beneath the platforms from which man searches for oil and gas, the mackerel returns as always to rub fins with a rich variety of his friends and relatives.

Occasionally, amid the tumult of the North Sea, it is comforting to reflect that we have numerous companions.

The small cities Phillips Petroleum built on top of the water have created offshore platforms as well. The reef effect of our offshore platforms has attracted large numbers and numerous varieties of fish: the ling; the witch; the cod; the haddock and the halibut, to name but a few.

Mussels, anemones, and starfish are at the start of the food chain here — along with others who prefer a solid underwater surface to the desolate, muddy, flat bottom of the North Sea.

Natural resources in a natural environment.

Look to Norske Skog

Restructuring and renewal for the 1980's

Through shipping, offshore petroleum operations and fishing, Norway and Norwegian have always been associated with the sea. But a fifth of this country is covered by forest. Forestry and forest industry have always enjoyed a central position in Norwegian industry.

We Norwegians are still associated with the forest and the forest environment, through hunting, fishing, skiing and outdoor life. But the chief contribution made by the Norwegian forests is the supply of raw materials for numerous products which we ourselves and the world require. About 70% of the output of the Norwegian wood processing industry is exported, and some companies have an export share of 90-100%.

Norske Skogindustri A/S (Norske Skog) — established 1962 — has a central position in this industry. The company processes annually some 2 million cubic metres of timber and accounts for 40% of the Norwegian production of newsprint, 50% of the chipboard production and 20% of the sawn timber production.

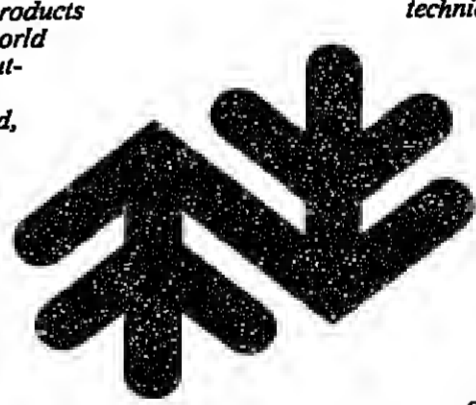
In the last few years, Norske Skog has restructured its operations to meet the challenges we anticipate in the 1980's: Concentration of the company's wood processing operations in Norway's largest paper mill, Nordenfjelske Treforedling. This mill was enlarged by the addition of a third newsprint machine in 1981.

Total capacity: 400,000 tons per year. Reorganization and specialization of the company's chipboard production from standard chipboards to a larger share of special products for the construction, furniture and home equipment industry. Total capacity: 230,000 cubic metres per year.

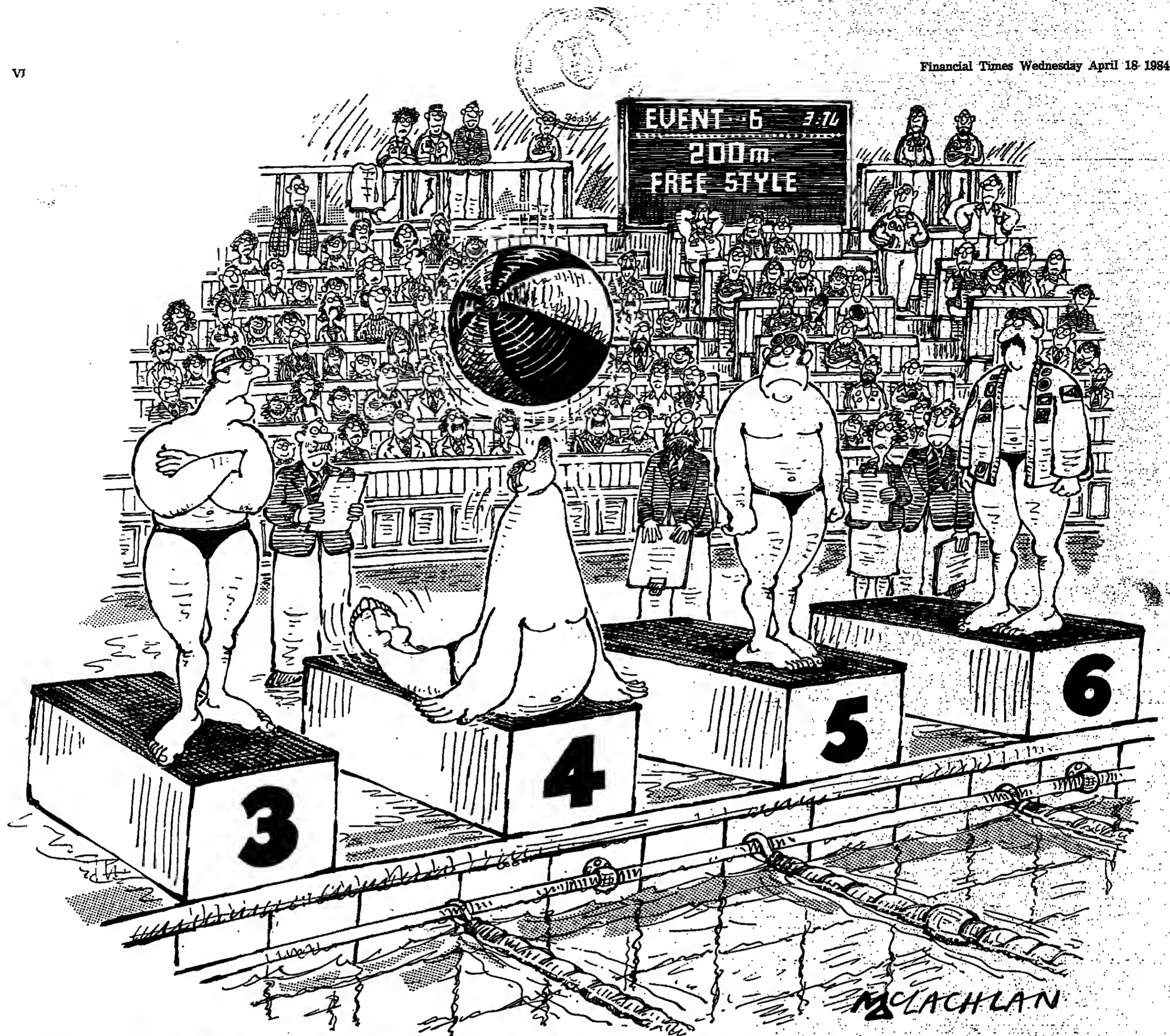
Reorganization, concentration and technical updating of the company's activities in the timber sector. Total capacity: 500,000 cubic metres per year. A broadening of the company's capital base, especially by a successful share increase in January/February 1983.

Improvement in the profit rate by extensive efficiency and reorganization measures. Key figures for Norske Skog: Share capital NOK 210 million. Number of shareholders 13,800. The shares are quoted daily on the Oslo Stock Exchange. The Group's total income amounted in 1983 to NOK 2,007 million and its result before extraordinary items was NOK 136 million.

For further information about the company, write to Norske Skogindustri A.S., 7620 Skogn, Norway.



Norske Skog
Norske Skogindustri A.S.



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We are totally committed to customer service. This is reflected in everything we do and goes a long way towards explaining the

Bank's rapid growth since it was founded in 1969.

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We work alongside our customers to create innovative financial packages to meet their particular needs.

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